

# Wentworth Shire Council

## ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2019

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# Wentworth Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2019

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# General Purpose Financial Statements

for the year ended 30 June 2019

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## Overview

Wentworth Shire Council is constituted under the Local Government Act 1993 (NSW) and has its principal place of business at:

26-28 Adelaide Street  
Wentworth NSW 2648

Council's guiding principles are detailed in Chapter 3 of the LGA and includes:

- principles applying to the exercise of functions generally by council,
- principles to be applied when making decisions,
- principles of community participation,
- principles of sound financial management, and
- principles for strategic planning relating to the development of an integrated planning and reporting framework.

A description of the nature of Council's operations and its principal activities are provided in Note 2(b).

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press releases, financial statements and other information are publicly available on our website: [www.wentworth.nsw.gov.au](http://www.wentworth.nsw.gov.au).

# General Purpose Financial Statements

for the year ended 30 June 2019

## Understanding Council's Financial Statements

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### Introduction

Each year, individual Local Governments across NSW are required to present a set of audited financial statements to their council and community.

### What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2019.

The format of the financial statements is standard across all NSW Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and requirements as set down by the Office of Local Government.

### About the Councillor/Management Statement

The financial statements must be certified by senior staff as 'presenting fairly' the Council's financial results for the year and are required to be adopted by Council – ensuring both responsibility for and ownership of the financial statements.

### About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

#### 1. The Income Statement

Summarises Council's financial performance for the year, listing all income and expenses. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

#### 2. The Statement of Comprehensive Income

Primarily records changes in the fair value of Council's Infrastructure, property, plant and equipment.

#### 3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its assets, liabilities and "net wealth".

#### 4. The Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "net wealth".

#### 5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

### About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the five primary financial statements.

### About the Auditor's Reports

Council's financial statements are required to be audited by the NSW Audit Office.

In NSW the auditor provides 2 audit reports:

1. an opinion on whether the financial statements present fairly the Council's financial performance and position, and
2. their observations on the conduct of the audit, including commentary on the Council's financial performance and financial position.

### Who uses the Financial Statements?

The financial statements are publicly available documents and must be presented at a Council meeting between seven days and five weeks after the date of the audit report.

The public can make submissions to Council up to seven days subsequent to the public presentation of the financial statements.

Council is required to forward an audited set of financial statements to the Office of Local Government.

## General Purpose Financial Statements

for the year ended 30 June 2019

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Statement by Councillors and Management made pursuant to Section 413(2)(c) of the Local Government Act 1993 (NSW) (as amended)

The attached General Purpose Financial Statements have been prepared in accordance with:

- the *Local Government Act 1993* (NSW) (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the *Local Government Code of Accounting Practice and Financial Reporting*.

To the best of our knowledge and belief, these statements:

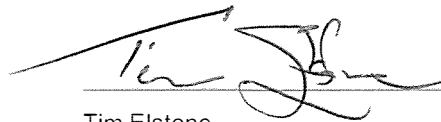
- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

We are not aware of any matter that would render these statements false or misleading in any way.

Signed in accordance with a resolution of Council made on 16 October 2019.



Melisa Hedrics  
**Mayor**  
16 October 2019



Tim Elstone  
**Councillor**  
16 October 2019



Ken Ross  
**General Manager**  
16 October 2019



Simon Rule  
**Responsible Accounting Officer**  
16 October 2019

## Income Statement

for the year ended 30 June 2019

Original unaudited budget 2019 \$ '000		Notes	Actual 2019 \$ '000	Actual 2018 <sup>1</sup> \$ '000
<b>Income from continuing operations</b>				
<u>Revenue:</u>				
8,429	Rates and annual charges	3a	8,635	8,265
4,785	User charges and fees	3b	5,422	6,759
735	Interest and investment revenue	3c	886	765
1,145	Other revenues	3d	1,118	840
8,933	Grants and contributions provided for operating purposes	3e,3f	9,713	10,145
10,182	Grants and contributions provided for capital purposes	3e,3f	6,544	1,505
<u>Other income:</u>				
100	Net gains from the disposal of assets	5	215	121
—	Net share of interests in joint ventures and associates using the equity method	15	1,461	—
<b>34,309</b>	<b>Total income from continuing operations</b>		<b>33,994</b>	<b>28,400</b>
<b>Expenses from continuing operations</b>				
8,605	Employee benefits and on-costs	4a	9,364	8,791
227	Borrowing costs	4b	216	191
4,641	Materials and contracts	4c	5,464	6,573
7,037	Depreciation and amortisation	4d	8,956	7,533
2,932	Other expenses	4e	3,534	3,331
<b>23,442</b>	<b>Total expenses from continuing operations</b>		<b>27,534</b>	<b>26,419</b>
<b>10,867</b>	<b>Operating result from continuing operations</b>		<b>6,460</b>	<b>1,981</b>
<b>10,867</b>	<b>Net operating result for the year</b>		<b>6,460</b>	<b>1,981</b>
10,867	Net operating result attributable to council		6,460	1,981
<b>685</b>	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>(84)</b>	<b>476</b>

<sup>(1)</sup> The Council has not restated comparatives when initially applying AASB 9. The comparative information has been prepared under AASB 139 Financial Instruments: Recognition and Measurement

The above Income Statement should be read in conjunction with the accompanying notes.

## Statement of Comprehensive Income

for the year ended 30 June 2019

	Notes	2019 \$ '000	2018 <sup>1</sup> \$ '000
<b>Net operating result for the year (as per Income Statement)</b>		<b>6,460</b>	<b>1,981</b>
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	9(a)	1,523	14,275
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>1,523</b>	<b>14,275</b>
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Other movements		–	(18)
<b>Total items which will be reclassified subsequently to the operating result when specific conditions are met</b>		<b>–</b>	<b>(18)</b>
<b>Total other comprehensive income for the year</b>		<b>1,523</b>	<b>14,257</b>
<b>Total comprehensive income for the year</b>		<b>7,983</b>	<b>16,238</b>
 Total comprehensive income attributable to Council		 7,983	 16,238

(1) The Council has not restated comparatives when initially applying AASB 9. The comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

# Statement of Financial Position

as at 30 June 2019

	Notes	2019 \$ '000	2018 <sup>1</sup> \$ '000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalent assets	6(a)	6,327	4,968
Investments	6(b)	24,000	22,313
Receivables	7	3,456	5,666
Inventories	8a	207	184
Other	8b	156	141
<b>Total current assets</b>		<b>34,146</b>	<b>33,272</b>
<b>Non-current assets</b>			
Investments	6(b)	–	1,000
Infrastructure, property, plant and equipment	9(a)	422,775	415,975
Intangible assets	10	184	184
Investments accounted for using the equity method	15	1,461	–
<b>Total non-current assets</b>		<b>424,420</b>	<b>417,159</b>
<b>TOTAL ASSETS</b>		<b>458,566</b>	<b>450,431</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	11	1,537	1,526
Income received in advance	11	487	434
Borrowings	11	247	187
Provisions	12	2,110	2,244
<b>Total current liabilities</b>		<b>4,381</b>	<b>4,391</b>
<b>Non-current liabilities</b>			
Borrowings	11	4,292	4,592
Provisions	12	1,504	1,042
<b>Total non-current liabilities</b>		<b>5,796</b>	<b>5,634</b>
<b>TOTAL LIABILITIES</b>		<b>10,177</b>	<b>10,025</b>
<b>Net assets</b>		<b>448,389</b>	<b>440,406</b>
<b>EQUITY</b>			
Accumulated surplus	13a	62,998	56,538
Revaluation reserves	13a	385,391	383,868
<b>Council equity interest</b>		<b>448,389</b>	<b>440,406</b>
<b>Total equity</b>		<b>448,389</b>	<b>440,406</b>

(1) The Council has not restated comparatives when initially applying AASB 9. The comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*

The above Statement of Financial Position should be read in conjunction with the accompanying notes.



## Statement of Changes in Equity

for the year ended 30 June 2019

	Notes	2019			2018 <sup>1</sup>		
		Accumulated surplus \$ '000	IPP&E revaluation reserve \$ '000	Total equity \$ '000	Accumulated surplus \$ '000	IPP&E revaluation reserve \$ '000	Total equity \$ '000
Opening balance		56,538	383,868	440,406	54,575	369,593	424,168
Net operating result for the year		6,460	—	6,460	1,981	—	1,981
<b>Other comprehensive income</b>							
– Gain (loss) on revaluation of IPP&E	9(a)	—	1,523	1,523	—	14,275	14,275
– Other reserves movements		—	—	—	(15)	—	(15)
– Other movements		—	—	—	(3)	—	(3)
<b>Other comprehensive income</b>		—	1,523	1,523	(18)	14,275	14,257
<b>Total comprehensive income</b>		6,460	1,523	7,983	1,963	14,275	16,238
<b>Equity – balance at end of the reporting period</b>		62,998	385,391	448,389	56,538	383,868	440,406

(1) The Council has not restated comparatives when initially applying AASB 9. The comparative information has been prepared under *AASB 139 Financial Instruments: Recognition and Measurement*

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

# Statement of Cash Flows

for the year ended 30 June 2019

Original unaudited budget 2019 \$ '000		Notes	Actual 2019 \$ '000	Actual 2018 \$ '000
<b>Cash flows from operating activities</b>				
	<u>Receipts</u>			
8,387	Rates and annual charges		8,523	8,261
4,729	User charges and fees		8,517	6,461
734	Investment and interest revenue received		776	806
18,605	Grants and contributions		13,143	10,992
1,154	Other		2,316	2,538
	<u>Payments</u>			
(8,564)	Employee benefits and on-costs		(9,978)	(9,418)
(4,751)	Materials and contracts		(6,027)	(6,231)
(226)	Borrowing costs		(216)	(191)
(2,669)	Other		(3,920)	(4,715)
17,399	<b>Net cash provided (or used in) operating activities</b>	14b	13,134	8,503
<b>Cash flows from investing activities</b>				
	<u>Receipts</u>			
278	Sale of investment securities		63,000	69,784
–	Sale of real estate assets		–	318
450	Sale of infrastructure, property, plant and equipment		440	392
	<u>Payments</u>			
(278)	Purchase of investment securities		(63,687)	(72,097)
(21,902)	Purchase of infrastructure, property, plant and equipment		(11,288)	(10,465)
–	Other investing activity payments		–	(18)
(21,452)	<b>Net cash provided (or used in) investing activities</b>		(11,535)	(12,086)
<b>Cash flows from financing activities</b>				
	<u>Receipts</u>			
2,400	Proceeds from borrowings and advances		–	1,314
	<u>Payments</u>			
(332)	Repayment of borrowings and advances		(240)	(286)
2,068	<b>Net cash flow provided (used in) financing activities</b>		(240)	1,028
(1,985)	<b>Net increase/(decrease) in cash and cash equivalents</b>		1,359	(2,555)
–	Plus: cash and cash equivalents – beginning of year	14a	4,968	7,523
(1,985)	<b>Cash and cash equivalents – end of the year</b>	14a	6,327	4,968
<b>Additional Information:</b>				
–	plus: Investments on hand – end of year	6(b)	24,000	23,313
(1,985)	<b>Total cash, cash equivalents and investments</b>		30,327	28,281

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

## Notes to the Financial Statements

for the year ended 30 June 2019

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## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 1. Basis of preparation

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These financial statements were authorised for issue by Council on 16 October 2019. Council has the power to amend and reissue these financial statements.

The principal accounting policies adopted in the preparation of these financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (NSW)* and Regulations, and the Local Government Code of Accounting Practice and Financial Reporting.

Council is a not for-profit entity.

The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

Unless otherwise indicated, all amounts disclosed in the financial statements are actual amounts. Specific budgetary amounts have been included for comparative analysis (to actuals) in the following reports and notes:

- Income statement
- Statement of cash flows
- Note 19 – Material budget variations

and are clearly marked.

#### (a) New and amended standards adopted by Council

During the year, Council adopted all standards which were mandatorily effective for the first time at 30 June 2019.

Those newly adopted standards which had an impact on reported position, performance and/or disclosures have been discussed in Note 13.

#### (b) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities and certain classes of infrastructure, property, plant and equipment and investment property.

#### (c) Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

#### Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note 9
- (ii) estimated tip remediation provisions – refer Note 12
- (iii) employee benefit provisions – refer Note 12.

#### Significant judgements in applying the council's accounting policies

- (i) Impairment of receivables

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 1. Basis of preparation (continued)

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Council has made a significant judgement about the impairment of a number of its receivables – refer Note 7.

#### (ii) Tip Remediation Provisions

Council has used significant judgement in determining future Tip Remediation Provisions - refer Note 12

### Monies and other assets received by Council

#### (a) The Consolidated Fund

In accordance with the provisions of Section 409(1) of the Local Government Act 1993 (NSW), all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

Cash and other assets of the following entities have been included as part of the Consolidated Fund:

- General purpose operations
- Water service
- Sewerage service

#### (b) The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993 (NSW)* (as amended), a separate and distinct Trust Fund is maintained to account for all money and property received by the council in trust which must be applied only for the purposes of, or in accordance with, the trusts relating to those monies.

Trust monies and property subject to Council's control have been included in these reports.

A separate statement of monies held in the Trust Fund is available for inspection at the council office by any person free of charge

### Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities that are recoverable from, or payable to, the taxation authority are presented as operating cash flows.

### New accounting standards and interpretations issued not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods (and which have not been adopted early by Council).

As at the date of authorisation of these financial statements, Council does not consider that any of those standards are likely to have a material impact on the Council's future financial statements, financial position, financial performance or cash flows.

Council has not elected to apply any pronouncements before their operative date in these financial statements.

### AASB 16 Leases

AASB 16 will result (for YE 19/20 and beyond) in almost all operating leases having to be recognised on the balance sheet by Council (alongside existing finance leases) with the distinction between operating and finance leases removed.

Under the new standard, a financial liability (ie. a lease liability) and an asset (ie. a right to use the leased item) will be recognised for nearly all arrangements where Council commits itself to paying a rental fee for the use of a specific asset.

The only exceptions are short-term and low-value leases which are exempt from the accounting (but not the disclosure requirements of AASB 16 - Leases.)

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 1. Basis of preparation (continued)

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Council currently has no operating leases in place therefore the introduction of this standard will have no impact on Council's Financial Statements.

#### **AASB 15 Revenue from Contract with Customers and associated amending standards**

AASB 15 introduces a five step process for revenue recognition, with the core principle of the new standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

Accounting policy changes will arise in the timing of revenue recognition, treatment of contract costs and contracts which contain a financing element.

Council will be required to assess each revenue stream but particular impact is expected for grant income and rates which are paid before the commencement of the rating period.

The changes in revenue recognition requirements in AASB15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures.

Council has reviewed the requirements of AASB 15, the impact of the introduction of this standard is expected to be nil. Council receives payment for revenue in advance of the transfer of the goods or service however these amounts are low in number and value therefore will have no material impact on Council's total revenue. Councils expects to recognise these payments as revenue when they are received.

#### **AASB 1058 Income of NFP Entities**

AASB 1058 supersedes all the income requirements relating to councils, previously in AASB 1004 Contributions.

Under AASB 1058 the future timing of income recognition will depend on whether the transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service) related to an asset (such as cash or another asset) received by an entity.

AASB 1058 also applies when council receives volunteer services or enters into other transactions in which the consideration to acquire an asset is significantly less than the fair value of the asset, and where the council's objective is principally to enable the asset to further the council's objectives.

Upon initial recognition of the asset, this standard requires council to consider whether any other financial statement elements (called 'related amounts') should be recognised in accordance with the applicable accounting standard such as:

- (a) contributors by owners
- (b) revenue, or a contract liability arising from a contract with a customer
- (c) a lease liability
- (d) a financial instrument, or
- (e) a provision.

If the transaction is a transfer of a financial asset to enable council to acquire or construct a recognisable non-financial asset to be controlled by council (i.e. an in-substance acquisition of a non-financial asset), the council recognised a liability for the excess of the fair value of the transfer over any related amounts recognised. Council will then recognise income as it satisfies its obligations under the transfer similarly to income recognition in relation to performance obligations under AASB 15.

If the transaction does not enable council to acquire or construct a recognisable non-financial asset to be controlled by council, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income.

Council staff have performed an analysis of the AASB 1058 and the specific impacts of the standard for Council are expected to be Nil.

#### **AASB 2018-8 Amendments to Australian Accounting Standards - Right-of-Use Assets of Not-for-Profit Entities**

This standard provides a temporary option for not-for-profit entities to not apply the fair value initial measurement requirements for right-of-use assets arising under leases with significant below market terms and conditions, principally to enable the entity to further its objectives (for example, concessionary or peppercorn leases).

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 1. Basis of preparation (continued)

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The standard requires an entity that elects to apply the option (i.e. measures a class or classes of such right-of-use assets at cost rather than fair value) to include additional disclosures in the financial statements to ensure users understand the effects in the financial position, financial performance and cash flows of the entity arising from these leases.

As per a NSW Office of Local Government recommendation, Council has elected to measure right-of-use assets (under a concessionary or peppercorn lease) at cost. The standard requires additional disclosures to be provided in relation to below market-value leases measured at cost.

The specific impacts of AASB 2018-8 for Council are expected to be Nil.

Council has not applied any pronouncements before its operative date in the annual reporting period beginning 1 July 2018.

Apart from those standards listed above, there are no other released standards (with future effective dates) that are expected to have a material impact on Council.

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 2(a). Council functions/activities – financial information

Income, expenses and assets have been directly attributed to the following functions or activities.  
Details of those functions or activities are provided in Note 2(b).

	Income from continuing operations		Expenses from continuing operations		Operating result from continuing operations		Grants included in income from continuing operations		Total assets held (current and non-current)	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>Functions or activities</b>										
4. Wentworth is a caring, supportive and inclusive community that is informed and engaged in its future	14,682	12,514	6,947	5,602	7,735	6,912	6,733	6,373	43,528	65,114
3. Wentworth is a community that works to enhance and protect its physical and natural assets	13,520	12,118	11,821	13,228	1,699	(1,110)	2,157	2,339	359,029	352,264
2. Wentworth is a desirable shire to visit, live, work and invest	4,813	2,885	6,159	5,290	(1,346)	(2,405)	2,055	611	44,468	11,887
1. Wentworth is a vibrant, growing and thriving shire	979	883	2,607	2,299	(1,628)	(1,416)	47	5	11,541	21,166
<b>Total functions and activities</b>	<b>33,994</b>	<b>28,400</b>	<b>27,534</b>	<b>26,419</b>	<b>6,460</b>	<b>1,981</b>	<b>10,992</b>	<b>9,328</b>	<b>458,566</b>	<b>450,431</b>



## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 2(b). Council functions/activities - component descriptions

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Details relating to the Council's functions/activities as reported in Note 2(a) are as follows:

#### **1. Wentworth is a vibrant, growing and thriving shire**

- 1.1 Grow the potential of business and industry to develop and expand
- 1.2 Encourage and support population growth and resident attraction

#### **2. Wentworth is a desirable shire to visit, live, work and invest**

- 2.1 Grow visitation to the Shire by developing a quality visitor experience and promoting our destination
- 2.2 Enhance access to local health and aged care services
- 2.3 Enhance access to maternal and child health services, child care centres and pre-school services
- 2.4 Enhance access to education, skills and training
- 2.5 Maintain/create desirable open spaces and recreation facilities

#### **3. Wentworth is a community that works to enhance and protect its physical and natural assets**

- 3.1 Promote the efficient delivery of water supply, sewer and drainage services for the long term interests of future generations
- 3.2 Plan for and develop the right assets and infrastructure
- 3.3 Prepare for natural disasters, biosecurity risks and climate change
- 3.4 Reduce, reuse and recover waste
- 3.5 Recognise the importance of a healthy Murray-Darling River System

#### **4. Wentworth is a caring, supportive and inclusive community that is informed and engaged in its future**

- 4.1 Provide strong and effective representation, leadership, planning, decision-making and service delivery
- 4.2 Encourage locals to volunteer their time within their local community
- 4.3 Promote disability inclusion with the general community
- 4.4 Encourage the self determination of the Aboriginal Community
- 4.5 Encourage the self determination of individual townships and community groups
- 4.6 Collaborate with others to achieve desired outcomes for the local community
- 4.7 Promote the celebration of the region's rich cultural and social heritage

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 3. Income from continuing operations

	2019 \$ '000	2018 \$ '000
<b>(a) Rates and annual charges</b>		
<b>Ordinary rates</b>		
Residential	1,916	1,821
Farmland	1,666	1,629
Business	1,482	1,396
Less: pensioner rebates (mandatory)	(45)	(45)
Less: pensioner rebates (Council policy)	(39)	(36)
<b>Rates levied to ratepayers</b>	<b>4,980</b>	<b>4,765</b>
Pensioner rate subsidies received	45	45
<b>Total ordinary rates</b>	<b>5,025</b>	<b>4,810</b>
<b>Special rates</b>		
Tourism	40	39
Levee bank	119	118
<b>Rates levied to ratepayers</b>	<b>159</b>	<b>157</b>
<b>Total special rates</b>	<b>159</b>	<b>157</b>
<b>Annual charges</b>		
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	735	702
Water supply services	1,190	1,133
Sewerage services	1,572	1,507
Less: pensioner rebates (mandatory)	(55)	(55)
Less: pensioner rebates (Council policy)	(47)	(45)
<b>Annual charges levied</b>	<b>3,395</b>	<b>3,242</b>
Pensioner subsidies received:		
– Water	19	19
– Sewerage	17	17
– Domestic waste management	20	20
<b>Total annual charges</b>	<b>3,451</b>	<b>3,298</b>
<b>TOTAL RATES AND ANNUAL CHARGES</b>	<b>8,635</b>	<b>8,265</b>

Council has used 2016 year valuations provided by the NSW Valuer General in calculating its rates.

#### Accounting policy for rates and charges

Rates and annual charges are recognised as revenue when the Council obtains control over the assets comprising these receipts.

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area that are not subsidised by the NSW Government.

Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates.

Control over assets acquired from rates and annual charges is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 3. Income from continuing operations (continued)

	2019 \$ '000	2018 \$ '000
<b>(b) User charges and fees</b>		
<b>Specific user charges</b>		
(per s.502 - specific 'actual use' charges)		
Water supply services	1,463	1,421
<b>Total specific user charges</b>	<b>1,463</b>	<b>1,421</b>
<b>Other user charges and fees</b>		
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>		
Inspection services	9	5
Planning and building regulation	230	259
Private works – section 67	47	120
Section 10.7 certificates (EP&A Act)	49	54
Section 603 certificates	22	23
Tapping fees	31	29
<b>Total fees and charges – statutory/regulatory</b>	<b>388</b>	<b>490</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>		
Aerodrome	84	62
Cemeteries	83	91
Fire and emergency services levy (FESL) implementation	–	20
Library and art gallery	1	1
Refuse and effluent disposal	104	84
RMS charges (state roads not controlled by Council)	1,390	3,062
Waste disposal tipping fees	1,869	1,453
Animal control	37	32
Other – road opening permits	3	4
Other	–	39
<b>Total fees and charges – other</b>	<b>3,571</b>	<b>4,848</b>
<b>TOTAL USER CHARGES AND FEES</b>	<b>5,422</b>	<b>6,759</b>

**Accounting policy for user charges and fees**

User charges and fees are recognised as revenue when the service has been provided.

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 3. Income from continuing operations (continued)

	2019 \$ '000	2018 \$ '000
<b>(c) Interest and investment revenue (including losses)</b>		
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	104	86
– Cash and investments	782	679
<b>TOTAL INTEREST AND INVESTMENT REVENUE</b>	<b>886</b>	<b>765</b>

**Interest revenue is attributable to:****Unrestricted investments/financial assets:**

Overdue rates and annual charges (general fund)	60	86
General Council cash and investments	490	383

**Restricted investments/funds – external:**

Development contributions		
– Section 7.11	15	14
Water fund operations	240	198
Sewerage fund operations	81	84

<b>Total interest and investment revenue</b>	<b>886</b>	<b>765</b>
----------------------------------------------	------------	------------

**Accounting policy for interest and investment revenue**

Interest income is recognised using the effective interest rate at the date that interest is earned. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

**(d) Other revenues**

Rental income – other council properties	599	387
Legal fees recovery – other	3	–
Diesel rebate	106	113
Insurance claims recoveries	54	51
Sales – general	2	2
Facilities revenue	84	63
Insurance rebates	55	43
Rural fire service reimbursements	8	70
Sales – miscellaneous	28	47
Other – other public works	35	4
Other – meter readings	6	8
Other	138	52
<b>TOTAL OTHER REVENUE</b>	<b>1,118</b>	<b>840</b>

**Accounting policy for other revenue**

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Council and specific criteria have been met for each of the Council's activities as described below. Council bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Parking fees and fines are recognised as revenue when the service has been provided, or when the penalty has been applied, whichever occurs first. Rental income is accounted for on a straight-line basis over the lease term.

Miscellaneous sales are recognised when physical possession has transferred to the customer which is deemed to be the point of transfer of risks and rewards. Other revenue is recorded when the payment is due, the value of the payment is notified, or the payment is received, whichever occurs first.

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 3. Income from continuing operations (continued)

	Operating 2019 \$ '000	Operating 2018 \$ '000	Capital 2019 \$ '000	Capital 2018 \$ '000
<b>(e) Grants</b>				
<b>General purpose (untied)</b>				
<b>Current year allocation</b>				
Financial assistance – general component	2,085	2,018	–	–
Financial assistance – local roads component	1,013	986	–	–
<b>Payment in advance - future year allocation</b>				
Financial assistance – general component	2,162	2,071	–	–
Financial assistance – local roads component	1,051	1,013	–	–
<b>Total general purpose</b>	<b>6,311</b>	<b>6,088</b>	<b>–</b>	<b>–</b>
<b>Specific purpose</b>				
Water supplies	55	82	139	–
Sewerage services	–	–	557	99
Bushfire and emergency services	196	242	–	–
Economic development	20	5	–	–
Employment and training programs	64	13	–	–
Environmental programs	–	5	95	18
Library – per capita	27	27	–	–
Library – special projects	–	–	6	11
Noxious weeds	28	27	–	–
Recreation and culture	–	54	1,841	449
Street lighting	42	41	–	–
Transport (roads to recovery)	979	1,841	–	–
Transport (other roads and bridges funding)	300	–	–	–
Water transport	–	–	85	240
Other	190	68	–	–
Other	49	18	8	–
<b>Total specific purpose</b>	<b>1,950</b>	<b>2,423</b>	<b>2,731</b>	<b>817</b>
<b>Total grants</b>	<b>8,261</b>	<b>8,511</b>	<b>2,731</b>	<b>817</b>
<b>Grant revenue is attributable to:</b>				
– Commonwealth funding	7,310	7,975	716	–
– State funding	951	536	2,015	817
	<b>8,261</b>	<b>8,511</b>	<b>2,731</b>	<b>817</b>

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 3. Income from continuing operations (continued)

		Operating 2019 \$ '000	Operating 2018 \$ '000	Capital 2019 \$ '000	Capital 2018 \$ '000
	Notes				
<b>(f) Contributions</b>					
<b>Developer contributions:</b>					
<b>(s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>					
<b>Cash contributions</b>					
S 7.11 – contributions towards amenities/services		–	–	25	30
S 64 – water supply contributions		–	–	45	98
S 64 – sewerage service contributions		–	–	73	13
S 64 – stormwater contributions		–	–	1	–
<b>Total developer contributions – cash</b>		<b>–</b>	<b>–</b>	<b>144</b>	<b>141</b>
<b>Total developer contributions</b>	23	<b>–</b>	<b>–</b>	<b>144</b>	<b>141</b>
<b>Other contributions:</b>					
<b>Cash contributions</b>					
Other councils – joint works/services		–	35	–	–
Roads and bridges		45	207	34	–
RMS contributions (regional roads, block grant)		1,366	1,336	446	544
Sewerage (excl. section 64 contributions)		–	–	–	3
Other		41	56	19	–
<b>Total other contributions – cash</b>		<b>1,452</b>	<b>1,634</b>	<b>499</b>	<b>547</b>
<b>Non-cash contributions</b>					
Dedications – subdivisions (other than by s7.11)		–	–	3,170	–
<b>Total other contributions – non-cash</b>		<b>–</b>	<b>–</b>	<b>3,170</b>	<b>–</b>
<b>Total other contributions</b>		<b>1,452</b>	<b>1,634</b>	<b>3,669</b>	<b>547</b>
<b>Total contributions</b>		<b>1,452</b>	<b>1,634</b>	<b>3,813</b>	<b>688</b>
<b>TOTAL GRANTS AND CONTRIBUTIONS</b>		<b>9,713</b>	<b>10,145</b>	<b>6,544</b>	<b>1,505</b>

**Accounting policy for grants and contributions**

Control over grants and contributions is normally obtained upon their receipt (or acquittal) and is valued at the fair value of the granted or contributed asset at the date of transfer.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner, or used over a particular period, and those conditions were un-discharged at reporting date, the unused grant or contribution is disclosed below.

Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of sections 7.4, 7.11 and 7.12 of the *Environmental Planning and Assessment Act 1979*.

While Council generally incorporates these amounts as part of a Development Consents Order, such developer contributions are only recognised as income upon receipt by Council, due to the possibility that individual development consents may not be acted upon by the applicant and, accordingly, would not be payable to Council.

Developer contributions may only be expended for the purposes for which the contributions were required, but the Council may apply contributions according to the priorities established in work schedules.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided at reporting date.

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 3. Income from continuing operations (continued)

	2019 \$ '000	2018 \$ '000
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## (g) Unspent grants and contributions

**Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:**

**Operating grants**

Unexpended at the close of the previous reporting period	147	391
<b>Add:</b> operating grants recognised in the current period but not yet spent	441	1,533
<b>Less:</b> operating grants recognised in a previous reporting period now spent	(4)	(1,777)
<b>Unexpended and held as restricted assets (operating grants)</b>	<b>584</b>	<b>147</b>

Unexpended Operating Grants includes:

- Pooncarie Weir
- RMS Block Grant
- RFS R & M Grant.

**Capital grants**

Unexpended at the close of the previous reporting period	99	–
<b>Add:</b> capital grants recognised in the current period but not yet spent	462	99
<b>Unexpended and held as restricted assets (capital grants)</b>	<b>561</b>	<b>99</b>

Unexpended Capital Grants Include:

- Stronger Country Communities Fund Round 2 & 3 projects
- Drought Communities Grant

**Contributions**

Unexpended at the close of the previous reporting period	591	547
<b>Add:</b> contributions recognised in the current period but not yet spent	29	44
<b>Less:</b> contributions recognised in a previous reporting period now spent	–	–
<b>Unexpended and held as restricted assets (contributions)</b>	<b>620</b>	<b>591</b>

- Unexpended Contributions include the following Developer Contributions:  
Developer Contribution Plan
- Service Plan # 2

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 4. Expenses from continuing operations

	2019 \$ '000	2018 \$ '000
<b>(a) Employee benefits and on-costs</b>		
Salaries and wages	6,934	6,991
Employee termination costs (where material – other than vested leave paid)	301	4
Travel expenses	25	40
Employee leave entitlements (ELE)	1,481	1,268
Superannuation – defined contribution plans	685	675
Superannuation – defined benefit plans	129	114
Workers' compensation insurance	179	204
Fringe benefit tax (FBT)	13	10
Training costs (other than salaries and wages)	115	85
Uniforms	38	58
Recruitment	65	12
<b>Total employee costs</b>	<b>9,965</b>	<b>9,461</b>
Less: capitalised costs	(601)	(670)
<b>TOTAL EMPLOYEE COSTS EXPENSED *</b>	<b>9,364</b>	<b>8,791</b>

**Accounting policy for employee benefits and on-costs**

Employee benefit expenses are recorded when the service has been provided by the employee.

*Retirement benefit obligations*

All employees of the Council are entitled to benefits on retirement, disability or death. Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

*Superannuation plans*

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Council participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note 17 for more information.

(\*) For comparative purposes 2018-19 figures have been adjusted by \$865,000 to correct the allocation of costs

**(b) Borrowing costs****(i) Interest bearing liability costs**

Interest on loans	216	191
<b>Total interest bearing liability costs expensed</b>	<b>216</b>	<b>191</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>	<b>216</b>	<b>191</b>

**Accounting policy for borrowing costs**

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.



## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 4. Expenses from continuing operations (continued)

	2019 \$ '000	2018 \$ '000
<b>(c) Materials and contracts</b>		
Raw materials and consumables	1,079	1,300
Contractor and consultancy costs	4,240	5,198
Auditors remuneration <sup>1</sup>	72	56
<b>Legal expenses:</b>		
– Legal expenses: planning and development	28	1
– Legal expenses: debt recovery	25	10
– Legal expenses: other	20	8
<b>Total materials and contracts</b>	<b>5,464</b>	<b>6,573</b>
<b>TOTAL MATERIALS AND CONTRACTS *</b>	<b>5,464</b>	<b>6,573</b>

**1. Auditor remuneration**

During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms

**Auditors of the Council - NSW Auditor-General:****(i) Audit and other assurance services**

Audit and review of financial statements	72	56
<b>Remuneration for audit and other assurance services</b>	<b>72</b>	<b>56</b>
<b>Total Auditor-General remuneration</b>	<b>72</b>	<b>56</b>
<b>Total Auditor remuneration</b>	<b>72</b>	<b>56</b>

(\*) For comparative purposes 2018-19 figures have been adjusted by \$865,000 to correct the allocation of costs

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 4. Expenses from continuing operations (continued)

	Notes	2019 \$ '000	2018 \$ '000
<b>(d) Depreciation, amortisation and impairment of intangible assets and IPP&amp;E</b>			
<b>Depreciation and amortisation</b>			
Plant and equipment		998	924
Office equipment		33	52
Furniture and fittings		10	15
Land improvements (depreciable)		211	146
<b>Infrastructure:</b>			
– Buildings		1,881	723
– Roads		3,535	3,485
– Other structures		193	204
– Bridges		101	116
– Footpaths		84	82
– Stormwater drainage		228	222
– Water supply network		655	643
– Sewerage network		760	743
– Swimming pools		75	51
– Other open space/recreational assets		64	39
– Other infrastructure		47	46
<b>Other assets:</b>			
– Library books		36	37
<b>Reinstatement, rehabilitation and restoration assets:</b>			
– Tip assets	9(a), 12	45	5
<b>Total gross depreciation and amortisation costs</b>		<b>8,956</b>	<b>7,533</b>
Total depreciation and amortisation costs		8,956	7,533
<b>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT / REVALUATION DECREMENT FOR INTANGIBLES AND IPP&amp;E</b>			
		<b>8,956</b>	<b>7,533</b>

**Accounting policy for depreciation, amortisation and impairment expenses of intangibles and IPP&E****Depreciation and amortisation**

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note 9 for IPPE assets.

**Impairment of non-financial assets**

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are no longer required to be tested for impairment under AASB 136. This is because these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

Intangible assets that have an indefinite useful life, or are not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets that do not meet the criteria above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses for revalued assets are firstly offset against the amount in the revaluation surplus for the class of asset, with only the excess to be recognised in the Income Statement.

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 4. Expenses from continuing operations (continued)

	2019 \$ '000	2018 \$ '000
<b>(e) Other expenses</b>		
Advertising	30	45
Bad and doubtful debts	32	–
Bank charges	32	33
Cleaning	139	122
Contributions/levies to other levels of government		
– Emergency services levy (includes FRNSW, SES, and RFS levies)	9	12
– NSW fire brigade levy	23	23
– NSW rural fire service levy	225	231
– Other contributions/levies	1	3
Councillor expenses – mayoral fee	26	26
Councillor expenses – councillors' fees	104	104
Councillors' expenses (incl. mayor) – other (excluding fees above)	86	102
Donations, contributions and assistance to other organisations (Section 356)	170	140
Electricity and heating	529	496
Fire control expenses	139	133
Insurance	460	430
Office expenses (including computer expenses)	427	455
Other – remediation remeasurement – tip	463	356
Other Joint Organisation Costs	82	–
Postage	22	23
Printing and stationery	65	59
Street lighting	153	131
Subscriptions and publications	58	91
Telephone and communications	78	74
Tourism expenses (excluding employee costs)	117	100
Valuation fees	34	142
Other	30	–
<b>Total other expenses</b>	<b>3,534</b>	<b>3,331</b>
<b>TOTAL OTHER EXPENSES</b>	<b>3,534</b>	<b>3,331</b>

**Accounting policy for other expenses**

Other expenses are recorded on an accruals basis as the Council receives the goods or services.

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 5. Gains or losses from the disposal, replacement and de-recognition of assets

	Notes	2019 \$ '000	2018 \$ '000
<b>Property (excl. investment property)</b>			
Proceeds from disposal – property		7	240
Less: carrying amount of property assets sold/written off		(31)	(235)
<b>Net gain/(loss) on disposal</b>		<b>(24)</b>	<b>5</b>
<b>Plant and equipment</b>			
	9(a)		
Proceeds from disposal – plant and equipment		433	152
Less: carrying amount of plant and equipment assets sold/written off		(194)	(36)
<b>Net gain/(loss) on disposal</b>		<b>239</b>	<b>116</b>
<b>Real estate assets held for sale</b>			
	8		
Proceeds from disposal – real estate assets		–	318
Less: carrying amount of real estate assets sold/written off		–	(318)
<b>Net gain/(loss) on disposal</b>		<b>–</b>	<b>–</b>
<b>Investments</b>			
	6(b)		
Proceeds from disposal/redemptions/maturities – investments		63,000	69,784
Less: carrying amount of investments sold/redeemed/matured		(63,000)	(69,784)
<b>Net gain/(loss) on disposal</b>		<b>–</b>	<b>–</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>215</b>	<b>121</b>

**Accounting policy for disposal of assets**

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income Statement.

The gain or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer and the asset is de-recognised.

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 6(a). Cash and cash equivalent assets

	2019 \$ '000	2018 \$ '000
<b>Cash and cash equivalents</b>		
Cash on hand and at bank	2,327	1,197
Cash-equivalent assets		
– Short-term deposits	4,000	3,771
<b>Total cash and cash equivalents</b>	<b>6,327</b>	<b>4,968</b>

**Accounting policy for cash and cash equivalents**

For Statement of Cash Flow presentation purposes, cash and cash equivalents include: cash on hand; deposits held at call with financial institutions; other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value; and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

## Note 6(b). Investments

	2019 Current \$ '000	2019 Non-current \$ '000	2018 Current \$ '000	2018 Non-current \$ '000
<b>Investments</b>				
'Financial assets at amortised cost' / 'held to maturity' (2018)	24,000	–	22,313	1,000
<b>Total Investments</b>	<b>24,000</b>	<b>–</b>	<b>22,313</b>	<b>1,000</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS</b>	<b>30,327</b>	<b>–</b>	<b>27,281</b>	<b>1,000</b>
<b>Financial assets at amortised cost / held to maturity (2018)</b>				
Long term deposits	24,000	–	22,313	1,000
<b>Total</b>	<b>24,000</b>	<b>–</b>	<b>22,313</b>	<b>1,000</b>

**Accounting policy for investments****Accounting policy under AASB 9 – applicable from 1 July 2018**

Financial instruments are recognised initially on the date that the Council becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

**Financial assets**

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

**Classification**

On initial recognition, Council classifies its financial assets into the following categories – those measured at:

- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income – equity instrument (FVOCI-equity)

Financial assets are not reclassified subsequent to their initial recognition.

**Amortised cost**

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows, and

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 6(b). Investments (continued)

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- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Council's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the Statement of Financial Position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, impairment and gains or loss on de-recognition are recognised in profit or loss.

#### Accounting policy under AASB 139 – applicable for 2018 comparatives only

##### Classification

Council classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

##### Held to maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council's management has the positive intention and ability to hold to maturity. Assets in this category are measured at amortised cost.

##### Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date: the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Investments are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the Income Statement as gains and losses from investment securities.

##### Impairment of financial assets

Council assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 6(c). Restricted cash, cash equivalents and investments – details

	2019 Current \$ '000	2019 Non-current \$ '000	2018 Current \$ '000	2018 Non-current \$ '000
Total cash, cash equivalents and investments	30,327	–	27,281	1,000
<b>attributable to:</b>				
External restrictions	14,495	–	11,217	1,000
Internal restrictions	11,199	–	10,767	–
Unrestricted	4,633	–	5,297	–
	30,327	–	27,281	1,000

	2019 \$ '000	2018 \$ '000
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## Details of restrictions

## External restrictions – included in liabilities

Other trust account	356	286
Other cemeteries trust	487	434

## External restrictions – included in liabilities

	843	720
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## External restrictions – other

Developer contributions – general	620	591
Specific purpose unexpended grants	1,145	246
Water supplies	8,710	7,302
Sewerage services	2,739	2,957
Domestic waste management	105	105
Council reserves – caravan park	333	296

## External restrictions – other

	13,652	11,497
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## Total external restrictions

	14,495	12,217
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## Internal restrictions

Plant and vehicle replacement	2,200	2,200
Employees leave entitlement	2,241	2,376
Capital projects	1,000	1,000
FAG received in advance	3,213	3,084
Future development	1,113	1,113
Loan guarantee	11	30
Other doubtful debts provision	49	61
Tip remediation	1,372	903

## Total internal restrictions

	11,199	10,767
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## TOTAL RESTRICTIONS

	25,694	22,984
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## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 7. Receivables

	2019 Current \$ '000	2019 Non-current \$ '000	2018 Current \$ '000	2018 Non-current \$ '000
<b>Purpose</b>				
Rates and annual charges	859	—	775	—
Interest and extra charges	190	—	166	—
User charges and fees	1,744	—	4,287	—
Accrued revenues				
– Interest on investments	218	—	132	—
Government grants and subsidies	284	—	173	—
Net GST receivable	210	—	102	—
Other debtors	—	—	92	—
<b>Total</b>	<b>3,505</b>	<b>—</b>	<b>5,727</b>	<b>—</b>
<b>Less: provision of impairment</b>				
Rates and annual charges	—	—	(28)	—
User charges and fees	—	—	(1)	—
Other debtors	(49)	—	(32)	—
<b>Total provision for impairment – receivables</b>	<b>(49)</b>	<b>—</b>	<b>(61)</b>	<b>—</b>
<b>TOTAL NET RECEIVABLES</b>	<b>3,456</b>	<b>—</b>	<b>5,666</b>	<b>—</b>

#### Externally restricted receivables

##### Water supply

– Specific purpose grants	—	—	327	—
– Rates and availability charges	375	—	351	—
– Other	914	—	852	—

##### Sewerage services

– Specific purpose grants	—	—	72	—
– Rates and availability charges	261	—	230	—
– Other	247	—	—	—

<b>Total external restrictions</b>	<b>1,797</b>	<b>—</b>	<b>1,832</b>	<b>—</b>
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<b>Unrestricted receivables</b>	<b>1,659</b>	<b>—</b>	<b>3,834</b>	<b>—</b>
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<b>TOTAL NET RECEIVABLES</b>	<b>3,456</b>	<b>—</b>	<b>5,666</b>	<b>—</b>
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	2019 \$ '000	2018 \$ '000
<b>Movement in provision for impairment of receivables</b>		
Balance at the beginning of the year (calculated in accordance with AASB 139)	61	61
– previous impairment losses reversed	(12)	—
<b>Balance at the end of the period</b>	<b>49</b>	<b>61</b>

#### Accounting policy for receivables



## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 7. Receivables (continued)

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#### Recognition and measurement

Receivables are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

#### Impairment

##### Accounting policy under AASB 9 applicable from 1 July 2018

Impairment of financial assets measured at amortised cost is recognised on an expected credit loss (ECL) basis.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating ECL, the Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience and informed credit assessment, and including forward-looking information.

When considering the ECL for rates debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold. For non-rates debtors, Council uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Council uses the presentation that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Council in full, without recourse by the Council to actions such as realising security (if any is held) or
- the financial assets (for non-rates debtors) are more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the entity in accordance with the contract, and the cash flows expected to be received. This is applied using a probability weighted approach.

On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are over 2 years past due, whichever occurs first.

None of the receivables that have been written off are subject to enforcement activity.

Where the Council renegotiates the terms of receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

##### Accounting policy under AASB 139 – applicable for 2018 comparatives only

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

Collectability of receivables is reviewed on an ongoing basis. Debts that are known to be uncollectable are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. When a receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Income Statement.

Rates and annual charges outstanding are secured against the property.

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 8. Inventories and other assets

	2019 Current \$ '000	2019 Non-current \$ '000	2018 Current \$ '000	2018 Non-current \$ '000
<b>(a) Inventories</b>				
<b>(i) Inventories at cost</b>				
Stores and materials	207	–	184	–
<b>Total inventories at cost</b>	<b>207</b>	<b>–</b>	<b>184</b>	<b>–</b>
<b>TOTAL INVENTORIES</b>	<b>207</b>	<b>–</b>	<b>184</b>	<b>–</b>
<b>(b) Other assets</b>				
Prepayments	156	–	141	–
<b>TOTAL OTHER ASSETS</b>	<b>156</b>	<b>–</b>	<b>141</b>	<b>–</b>

#### Accounting policy for inventories and other assets

##### Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 9(a). Infrastructure, property, plant and equipment

	as at 30/6/2018			Asset movements during the reporting period						as at 30/6/2019		
	Gross carrying amount \$ '000	Accumulated depreciation \$ '000	Net carrying amount \$ '000	Additions renewals <sup>1</sup> \$ '000	Additions new assets \$ '000	Carrying value of disposals \$ '000	Depreciation expense \$ '000	WIP transfers \$ '000	Revaluation increments to equity (ARR) \$ '000	Gross carrying amount \$ '000	Accumulated depreciation \$ '000	Net carrying amount \$ '000
Capital work in progress	2,725	–	2,725	4,269	948	–	–	(2,377)	–	5,565	–	5,565
Plant and equipment	14,811	(9,384)	5,427	2,139	36	(194)	(998)	–	–	15,545	(9,135)	6,410
Office equipment	1,924	(1,694)	230	36	76	–	(33)	–	–	2,037	(1,728)	309
Furniture and fittings	278	(246)	32	–	–	–	(10)	–	–	278	(256)	22
<b>Land:</b>												
– Community and operational land	7,842	–	7,842	–	–	(6)	–	–	–	7,836	–	7,836
– Land under roads (post 30/6/08)	247	–	247	–	7	–	–	–	–	254	–	254
Land improvements – depreciable	7,040	(3,818)	3,222	–	662	–	(211)	15	–	7,717	(4,029)	3,688
<b>Infrastructure:</b>												
– Buildings	69,942	(35,265)	34,677	65	174	(26)	(1,881)	8	–	69,870	(36,853)	33,017
– Other structures	10,156	(4,358)	5,798	9	36	–	(193)	52	536	10,899	(4,661)	6,238
– Roads	180,267	(93,762)	86,505	1,176	2,613	–	(3,535)	2,154	–	186,210	(97,297)	88,913
– Bridges	11,726	(3,416)	8,310	–	–	–	(101)	–	–	11,726	(3,517)	8,209
– Footpaths	4,204	(1,652)	2,552	–	157	–	(84)	–	–	4,361	(1,736)	2,625
– Bulk earthworks (non-depreciable)	190,309	–	190,309	–	302	–	–	–	–	190,611	–	190,611
– Stormwater drainage	22,650	(8,601)	14,049	–	687	–	(228)	–	223	23,691	(8,960)	14,731
– Water supply network	54,714	(24,782)	29,932	–	415	–	(655)	85	476	56,098	(25,845)	30,253
– Sewerage network	43,817	(25,712)	18,105	–	610	–	(760)	40	288	45,178	(26,895)	18,283
– Swimming pools	3,000	(1,198)	1,802	–	–	–	(75)	–	–	3,000	(1,273)	1,727
– Other open space/recreational assets	639	(287)	352	–	–	–	(64)	23	–	662	(351)	311
– Other infrastructure	1,827	(297)	1,530	–	–	–	(47)	–	–	1,827	(344)	1,483
<b>Other assets:</b>												
– Library books	289	(182)	107	42	–	–	(36)	–	–	331	(218)	113
<b>Reinstatement, rehabilitation and restoration assets (refer Note 12):</b>												
– Tip assets	2,227	(5)	2,222	–	–	–	(45)	–	–	2,227	(50)	2,177
<b>Total Infrastructure, property, plant and equipment</b>	<b>630,634</b>	<b>(214,659)</b>	<b>415,975</b>	<b>7,736</b>	<b>6,723</b>	<b>(226)</b>	<b>(8,956)</b>	<b>–</b>	<b>1,523</b>	<b>645,923</b>	<b>(223,148)</b>	<b>422,775</b>

(1) Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 9(a). Infrastructure, property, plant and equipment (continued)

	as at 30/6/2017			Asset movements during the reporting period								as at 30/6/2018		
	Gross carrying amount \$ '000	Accumulated depreciation \$ '000	Net carrying amount \$ '000	Additions renewals <sup>1</sup> \$ '000	Additions new assets \$ '000	Carrying value of disposals \$ '000	Depreciation expense \$ '000	WIP transfers \$ '000	Adjustments and transfers \$ '000	Revaluation decrements to equity (ARR) \$ '000	Revaluation increments to equity (ARR) \$ '000	Gross carrying amount \$ '000	Accumulated depreciation \$ '000	Net carrying amount \$ '000
Capital work in progress	4,878	–	4,878	4,948	435	–	–	(7,536)	–	–	–	2,725	–	2,725
Plant and equipment	15,023	(9,360)	5,663	712	–	(36)	(924)	12	–	–	–	14,811	(9,384)	5,427
Office equipment	2,174	(2,019)	155	127	–	–	(52)	–	–	–	–	1,924	(1,694)	230
Furniture and fittings	351	(308)	43	–	4	–	(15)	–	–	–	–	278	(246)	32
<b>Land:</b>														
– Community land	7,462	–	7,462	–	–	(235)	–	699	–	(84)	–	7,842	–	7,842
– Land under roads (post 30/6/08)	247	–	247	–	–	–	–	–	–	–	–	247	–	247
Land improvements – depreciable	7,099	(3,334)	3,765	–	–	–	(146)	19	–	(416)	–	7,040	(3,818)	3,222
<b>Infrastructure:</b>														
– Buildings	50,966	(32,762)	18,204	–	235	–	(723)	3,136	(56)	–	13,881	69,942	(35,265)	34,677
– Other structures	12,818	(3,965)	8,853	8	–	–	(204)	280	(1,577)	(1,562)	–	10,156	(4,358)	5,798
– Roads	176,629	(90,434)	86,195	3,467	–	–	(3,485)	662	–	(334)	–	180,267	(93,762)	86,505
– Bridges	11,615	(3,300)	8,315	–	–	–	(116)	111	–	–	–	11,726	(3,416)	8,310
– Footpaths	4,201	(1,570)	2,631	3	–	–	(82)	–	–	–	–	4,204	(1,652)	2,552
– Bulk earthworks (non-depreciable)	190,171	–	190,171	138	–	–	–	–	–	–	–	190,309	–	190,309
– Stormwater drainage	21,931	(8,211)	13,720	–	–	–	(222)	269	–	–	282	22,650	(8,601)	14,049
– Water supply network	53,538	(23,630)	29,908	8	–	–	(643)	44	–	–	615	54,714	(24,782)	29,932
– Sewerage network	42,669	(24,440)	18,229	33	–	–	(743)	219	–	–	367	43,817	(25,712)	18,105
– Swimming pools	928	(347)	581	35	–	–	(51)	–	–	–	1,237	3,000	(1,198)	1,802
– Other open space/recreational assets	399	(297)	102	–	–	–	(39)	–	–	–	289	639	(287)	352
– Other infrastructure	–	–	–	–	–	–	(46)	–	1,576	–	–	1,827	(297)	1,530
<b>Other assets:</b>														
– Library books	246	(145)	101	43	–	–	(37)	–	–	–	–	289	(182)	107
<b>Reinstatement, rehabilitation and restoration assets (refer Note 12):</b>														
– Tip assets	–	–	–	142	–	–	(5)	2,085	–	–	–	2,227	(5)	2,222
<b>Total Infrastructure, property, plant and equipment</b>	<b>603,345</b>	<b>(204,122)</b>	<b>399,223</b>	<b>9,664</b>	<b>674</b>	<b>(271)</b>	<b>(7,533)</b>	<b>–</b>	<b>(57)</b>	<b>(2,396)</b>	<b>16,671</b>	<b>630,634</b>	<b>(214,659)</b>	<b>415,975</b>

(1) Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 9(a). Infrastructure, property, plant and equipment (continued)

#### Accounting policy for infrastructure, property, plant and equipment

Infrastructure, property, plant and equipment are held at fair value. Independent comprehensive valuations are performed at least every five years, however the carrying amount of assets is assessed by Council at each reporting date to confirm that it is not materially different from current fair value.

Water and sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Department of Industry (DoI) – Water.

Increases in the carrying amounts arising on revaluation are credited to the revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss relating to that asset class, the increase is first recognised as profit or loss. Decreases that reverse previous increases of assets in the same class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

When infrastructure, property, plant and equipment are acquired by Council for nil or nominal consideration, the assets are initially recognised at their fair value at acquisition date.

Land is not depreciated. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Council will obtain ownership at the end of the lease term. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

<b>Plant and equipment</b>	<b>Years</b>	<b>Other equipment</b>	<b>Years</b>
Office equipment	5 to 10	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	4		
Vehicles	5 to 8	<b>Buildings</b>	
Heavy plant/road making equipment	5 to 8	Buildings: masonry	50 to 100
Other plant and equipment	5 to 15	Buildings: other	20 to 40
<b>Water and sewer assets</b>		<b>Stormwater assets</b>	
Dams and reservoirs	80 to 100	Drains	80 to 100
Bores	20 to 40	Culverts	50 to 80
Reticulation pipes: PVC	70 to 80	Flood control structures	80 to 100
Reticulation pipes: other	25 to 75		
Pumps and telemetry	15 to 20		
<b>Transportation assets</b>		<b>Other infrastructure assets</b>	
Sealed roads: surface	20	Swimming pools	50
Sealed roads: structure	50	Unsealed roads	20
Unsealed roads	20	Other open space/recreational assets	20
Bridge: concrete	100	Other infrastructure	20
Bridge: other	50		
Road pavements	60		
Kerb, gutter and footpaths	40		

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

#### Land under roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips.

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051 Land Under Roads.

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 9(a). Infrastructure, property, plant and equipment (continued)

Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 Property, Plant and Equipment.

**Crown reserves**

Crown reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

Improvements on Crown reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating to the reserves are recognised within Council's Income Statement.

**Rural Fire Service assets**

Under Section 119 of the *Rural Fire Services Act 1997 (NSW)*, "all firefighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the firefighting equipment has been purchased or constructed".

These Rural Fire Service assets are recognised as assets of the Council in these financial statements.

## Note 9(b). Externally restricted infrastructure, property, plant and equipment

	2019			2018		
	Gross carrying amount \$ '000	Accumulated depn. and impairment \$ '000	Net carrying amount \$ '000	Gross carrying amount \$ '000	Accumulated depn. and impairment \$ '000	Net carrying amount \$ '000
<b>Water supply</b>						
WIP	835	—	835	489	—	489
Plant and equipment	43	12	31	—	—	—
Infrastructure	56,098	25,845	30,253	54,714	24,782	29,932
<b>Total water supply</b>	<b>56,976</b>	<b>25,857</b>	<b>31,119</b>	<b>55,203</b>	<b>24,782</b>	<b>30,421</b>
<b>Sewerage services</b>						
WIP	2,182	—	2,182	356	—	356
Plant and equipment	—	—	—	61	24	37
Land						
– Improvements – depreciable	13	6	7	—	—	—
Infrastructure	45,178	26,895	18,283	43,817	25,712	18,105
<b>Total sewerage services</b>	<b>47,373</b>	<b>26,901</b>	<b>20,472</b>	<b>44,234</b>	<b>25,736</b>	<b>18,498</b>
<b>Domestic waste management</b>						
Land						
<b>Total DWM</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	<b>104,349</b>	<b>52,758</b>	<b>51,591</b>	<b>99,437</b>	<b>50,518</b>	<b>48,919</b>

## Note 10. Intangible assets

	2019 \$ '000	2018 \$ '000
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Intangible assets are as follows:

**Opening values at 1 July**

Gross book value	184	—
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continued on next page ...

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 10. Intangible assets (continued)

	2019 \$ '000	2018 \$ '000
<b>Net book value – opening balance</b>	184	–
<b>Movements for the year</b>		
– Purchases	–	184
<b>Closing values at 30 June</b>		
Gross book value	184	184
<b><u>TOTAL INTANGIBLE ASSETS – NET BOOK VALUE</u></b>	<b><u>184</u></b>	<b><u>184</u></b>
<b>The net book value of intangible assets represents:</b>		
– Other assets – Goodwill	184	184
	<u>184</u>	<u>184</u>

#### Accounting policy for intangible assets

##### Intangible Assets

An intangible asset is an identifiable, non-monetary asset without physical substance. The identifiable criterion is met when the intangible asset is separable (ie it can be sold, transferred or licenced), or where it arises from contractual or other legal rights.

##### Acquired intangible assets

Intangible assets are measured initially at cost. Cost includes (a) the fair value of the consideration given to acquiring the asset; and (b) any costs directly attributable to the transaction, such as relevant professional fees or taxes.

##### Subsequent measurement

Intangible assets with definite useful lives are considered for impairment where there is an indication that the asset has been impaired. Intangible assets with indefinite useful lives should be tested annually for impairment, as well as whenever there is an indication of impairment.

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 11. Payables and borrowings

	2019 Current \$ '000	2019 Non-current \$ '000	2018 Current \$ '000	2018 Non-current \$ '000
<b>Payables</b>				
Accrued expenses:				
– Borrowings	10	–	10	–
– Salaries and wages	354	–	411	–
– Other expenditure accruals	817	–	819	–
Trust account – money held in trust	356	–	286	–
<b>Total payables</b>	<b>1,537</b>	<b>–</b>	<b>1,526</b>	<b>–</b>
<b>Income received in advance</b>				
Payments received in advance	487	–	434	–
<b>Total income received in advance</b>	<b>487</b>	<b>–</b>	<b>434</b>	<b>–</b>
<b>Borrowings</b>				
Loans – secured <sup>1</sup>	247	4,292	187	4,592
<b>Total borrowings</b>	<b>247</b>	<b>4,292</b>	<b>187</b>	<b>4,592</b>
<b><u>TOTAL PAYABLES AND BORROWINGS</u></b>	<b><u>2,271</u></b>	<b><u>4,292</u></b>	<b><u>2,147</u></b>	<b><u>4,592</u></b>

(1) Loans are secured over the general rating income of Council.

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 18.

	2019 Current \$ '000	2019 Non-current \$ '000	2018 Current \$ '000	2018 Non-current \$ '000
<b>(a) Payables and borrowings relating to restricted assets</b>				
<b>Externally restricted assets</b>				
Other	843	–	720	–
<b>Total payables and borrowings relating to restricted assets</b>	<b>843</b>	<b>–</b>	<b>720</b>	<b>–</b>
<b>Total payables and borrowings relating to unrestricted assets</b>	<b>1,428</b>	<b>4,292</b>	<b>1,427</b>	<b>4,592</b>
<b><u>TOTAL PAYABLES AND BORROWINGS</u></b>	<b><u>2,271</u></b>	<b><u>4,292</u></b>	<b><u>2,147</u></b>	<b><u>4,592</u></b>



## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 11. Payables and borrowings (continued)

## (b) Changes in liabilities arising from financing activities

	as at 30/6/2018					as at 30/6/2019
	Opening Balance \$ '000	Cash flows \$ '000	Non-cash acquisitions \$ '000	Non-cash fair value changes \$ '000	Other non-cash movements \$ '000	Closing balance \$ '000
Loans – secured	4,779	(240)	–	–	–	4,539
<b>TOTAL</b>	<b>4,779</b>	<b>(240)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>4,539</b>

	as at 30/6/2017					as at 30/6/2018
	Opening Balance \$ '000	Cash flows \$ '000	Non-cash acquisitions \$ '000	Non-cash fair value changes \$ '000	Other non-cash movements \$ '000	Closing balance \$ '000
Loans – secured	3,751	1,028	–	–	–	4,779
<b>TOTAL</b>	<b>3,751</b>	<b>1,028</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>4,779</b>

	2019 \$ '000	2018 \$ '000
--	-----------------	-----------------

## (c) Financing arrangements

## (i) Unrestricted access was available at balance date to the following lines of credit:

Credit cards/purchase cards	40	20
<b>Total financing arrangements</b>	<b>40</b>	<b>20</b>

## Undrawn facilities as at balance date:

– Credit cards/purchase cards	40	20
<b>Total undrawn financing arrangements</b>	<b>40</b>	<b>20</b>

## Additional financing arrangements information

## Breaches and defaults

During the current and prior year, there were no defaults or breaches on any of the loans.

## Security over loans

loans are secured over future cash flows

## Bank overdrafts

The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.

## Accounting policy for payables and borrowings

Council measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Council comprise trade payables, bank and other loans and finance lease liabilities.

## Payables

These amounts represent liabilities for goods and services provided to the council prior to the end of financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 11. Payables and borrowings (continued)

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#### **Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective-interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance cost.

Borrowings are classified as current liabilities unless Council has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 12. Provisions

	2019 Current \$ '000	2019 Non-current \$ '000	2018 Current \$ '000	2018 Non-current \$ '000
<b>Provisions</b>				
<b>Employee benefits</b>				
Annual leave	841	–	972	–
Long service leave	1,107	108	1,114	109
Gratuities	162	24	158	24
<b>Sub-total – aggregate employee benefits</b>	<b>2,110</b>	<b>132</b>	<b>2,244</b>	<b>133</b>
<b>Asset remediation/restoration:</b>				
Asset remediation/restoration (future works)	–	1,372	–	909
<b>Sub-total – asset remediation/restoration</b>	<b>–</b>	<b>1,372</b>	<b>–</b>	<b>909</b>
<b>TOTAL PROVISIONS</b>	<b>2,110</b>	<b>1,504</b>	<b>2,244</b>	<b>1,042</b>

	2019 \$ '000	2018 \$ '000
--	-----------------	-----------------

**(a) Current provisions not anticipated to be settled within the next twelve months**

The following provisions, even though classified as current, are not expected to be settled in the next 12 months.

Provisions – employees benefits	1,055	1,122
	<u>1,055</u>	<u>1,122</u>

**(b) Description of and movements in provisions**

	ELE provisions			
	Annual leave \$ '000	Long service leave \$ '000	Gratuities \$ '000	Total \$ '000
<b>2019</b>				
At beginning of year	972	1,223	182	2,377
Additional provisions	529	286	18	833
Amounts used (payments)	(660)	(294)	(14)	(968)
Total ELE provisions at end of period	<u>841</u>	<u>1,215</u>	<u>186</u>	<u>2,242</u>
<b>2018</b>				
At beginning of year	956	977	180	2,113
Additional provisions	584	320	6	910
Amounts used (payments)	(568)	(74)	(4)	(646)
Total ELE provisions at end of period	<u>972</u>	<u>1,223</u>	<u>182</u>	<u>2,377</u>

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 12. Provisions (continued)

	Other provisions	
	Asset remediation \$ '000	Total \$ '000
<b>2019</b>		
At beginning of year	909	909
Additional provisions	463	463
Total other provisions at end of period	1,372	1,372
<b>2018</b>		
At beginning of year	554	554
Additional provisions	355	355
Total other provisions at end of period	909	909

#### Nature and purpose of non-employee benefit provisions

##### Asset remediation

Council has a legal/public obligation to make, restore, rehabilitate and reinstate the council tip and quarry.

##### Accounting policy for provisions

Provisions are recognised when Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

#### Employee benefits

##### Short-term obligations

Liabilities for wages and salaries (including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service) are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

##### Other long-term employee benefit obligations

The liability for long-service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

##### On-costs

The employee benefit provisions include the aggregate on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include superannuation, payroll tax and workers compensation expenses which will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.

The obligations are presented as current liabilities in the Statement of Financial Position if the Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 12. Provisions (continued)

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#### Provisions for close-down and restoration, and environmental clean-up costs – tips and quarries

##### Restoration

Close-down and restoration costs include the dismantling and demolition of infrastructure, and the removal of residual materials and remediation of disturbed areas. Estimated close-down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

Provisions for close-down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

##### Rehabilitation

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each reporting date, and the cost is charged to the Income Statement.

Provision is made for the estimated present value of the costs of environmental clean-up obligations outstanding at the reporting date. These costs are charged to the Income Statement. Movements in the environmental clean-up provisions are presented as an operating cost, except for the unwinding of the discount which is shown as a borrowing cost.

Remediation procedures generally commence soon after the time the damage, remediation process, and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors, including changes to the relevant legal requirements, the emergence of new restoration techniques, or experience at other locations. The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates. As a result, there could be significant adjustments to the provision for close down and restoration and environmental clean-up, which would affect future financial results.

Other movements in the provisions for close-down and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations, and revisions to discount rates, are capitalised within property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

Close-down and restoration costs are a normal consequence of tip and quarry operations, and the majority of close-down and restoration expenditure is incurred at the end of the life of the operations. Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 13. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

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#### (a) Nature and purpose of reserves

##### **Infrastructure, property, plant and equipment revaluation reserve**

The infrastructure, property, plant and equipment revaluation reserve is used to record increments / decrements of non-current asset values due to their revaluation.

#### (b) Changes in accounting policies due to adoption of new accounting standards (not-retrospective)

During the year, Council adopted a number of new accounting standards. The impact of the adoption and associated transition disclosures are shown below.

The Council has adopted AASB 9 Financial Instruments for the first time in the current year with a date of initial adoption of 1 July 2017. As part of the adoption of AASB 9, the Council adopted consequential amendments to other accounting standards arising from the issue of AASB 9 as follows:

- AASB 101 Presentation of Financial Statements requires the impairment of financial assets to be presented in a separate line item in the income statement. In prior year, this information was presented as part of other expenses.
- AASB 7 Financial Instruments: Disclosures requires amended disclosures due to changes arising from AASB 9. These disclosures have been provided for the current year.

The key changes to Council's accounting policy and the impact on these financial statements from applying AASB 9 are described below.

Changes in accounting policies resulting from the adoption of AASB 9 have been applied retrospectively except Council has not restated any amounts relating to classification and measurement requirements, including impairment, which have been applied from 1 July 2018.

##### **Classification of financial assets**

The financial assets of Council have been reclassified into one of the following categories on adoption of AASB 9, based primarily on the business model in which a financial asset is managed and its contractual cash flow characteristics are:

- measured at amortised cost
- fair value through profit or loss
- fair value through other comprehensive income – equity instruments

##### **Measurement of equity instruments**

All equity instruments of the Council are measured at fair value under AASB 9 whereas there was a cost exception under AASB 139 that allowed certain unlisted investments to be carried at amortised cost in the absence of a reliable measurement of fair value. Any difference in the previous carrying amount and the fair value is recognised in the opening retained earnings (or other component of equity, as appropriate) at 1 July 2018.

Equity instruments are no longer subject to impairment testing and therefore all movements on equity instruments, classified as fair value through other comprehensive income, are taken to the relevant reserve.

##### **Impairment of financial assets**

The incurred loss model from AASB 139 has been replaced with an expected credit loss model in AASB 9 for assets measured at amortised cost. This has resulted in the earlier recognition of credit loss (bad debt provisions).

#### (c) Changes in accounting policies due to adoption of new accounting standards (retrospective)

##### **Changes in accounting policies due to adoption of new accounting accounting standard (retrospective)**

Council made no changes in accounting policies due to adoption of new accounting standards during the year.

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 14. Statement of cash flows - additional information

	Notes	2019 \$ '000	2018 \$ '000
<b>(a) Reconciliation of cash assets</b>			
Total cash and cash equivalent assets	6(a)	6,327	4,968
<b>Balance as per the Statement of Cash Flows</b>		<b>6,327</b>	<b>4,968</b>
<b>(b) Reconciliation of net operating result to cash provided from operating activities</b>			
<b>Net operating result from Income Statement</b>		6,460	1,981
<b>Adjust for non-cash items:</b>			
Depreciation and amortisation		8,956	7,533
Net losses/(gains) on disposal of assets		(215)	(121)
Non-cash capital grants and contributions		(3,170)	–
Share of net (profits)/losses of associates/joint ventures using the equity method		(1,461)	–
<b>+/- Movement in operating assets and liabilities and other cash items:</b>			
Decrease/(increase) in receivables		2,222	(1,074)
Increase/(decrease) in provision for impairment of receivables		(12)	1
Decrease/(increase) in inventories		(23)	5
Decrease/(increase) in other current assets		(15)	21
Increase/(decrease) in other accrued expenses payable		(59)	(504)
Increase/(decrease) in other liabilities		123	42
Increase/(decrease) in provision for employee benefits		(135)	264
Increase/(decrease) in other provisions		463	355
<b>Net cash provided from/(used in) operating activities from the Statement of Cash Flows</b>		<b>13,134</b>	<b>8,503</b>
<b>(c) Non-cash investing and financing activities</b>			
Developer contributions 'in kind'		3,170	–
<b>Total non-cash investing and financing activities</b>		<b>3,170</b>	<b>–</b>

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 15. Interests in other entities

	Council's share of net income		Council's share of net assets	
	2019 \$ '000	2018 \$ '000	2019 \$ '000	2018 \$ '000
Joint ventures	1,461	—	1,461	—
<b>Total</b>	<b>1,461</b>	<b>—</b>	<b>1,461</b>	<b>—</b>

### Joint arrangements

#### (i) Joint ventures

The following information is provided for joint arrangements that are individually material to the Council. Included are the total amounts as per the joint arrangements financial statements, adjusted for fair-value adjustments at acquisition date and differences in accounting policies, rather than the Council's share.

Council is a member of the Far West Joint Organisation of Councils (FWJO). Details of Council's membership and participation is as follows:

The FWJO is a separately constituted entity pursuant to Part 7 (Sections 400O to 400ZH) of the Local Government Act (NSW) 1993, as amended and the Local Government (General) Regulation 2008.

The FWJO has the same year end date as the Council.

The principal functions of the Far West Joint Organisation will be to:

1. Establish strategic regional priorities for the joint organisation area and develop strategies and plans for delivering these priorities;
2. Provide regional leadership for the joint organisation area and to be an advocate for strategic regional priorities;
3. Identify and take up opportunities for intergovernmental cooperation on matters relating to the joint organisation area;
4. Enhancing strategic capacity to support member councils to deliver services to their communities; and
5. Service delivery to provide services directly to communities in the region.

The percentage ownership interest is equivalent to the percentage voting rights for all associates as follows:

FWJO comprises the Councils of the Shires of Balranald, Broken Hill, Central Darling and Wentworth. The Board of the FWJO comprises 4 voting members being the Mayors of the four member Councils, and non-voting members being the General Managers of the four member Councils, as well as three appointed members from the State Government and Cabinet (non-voting).

Wentworth Shire Council as a member of the FWJO, has a one quarter voting right (25%) in respect to the decisions of the Board.

For the 2018/2019 year, no member Councils were required to make contributions to the FWJO.

Members of the FWJO are indemnified from liability for functions and duties carried out or omitted honestly, in good faith and with due care and diligence.

The FWJO has engaged an Executive Officer on a standard Local Government contract for 3 years. The contract in the initial year (2018/2019) is \$85,000.

There are no liability issues identified for Council in the short to medium term.

<b>Far West Joint Organisation 2019</b>	
<b>Equity Method</b>	<b>\$'000</b>
<b>Summarised Statement of Financial Position</b>	
<b>Current assets</b>	<b>6,369</b>



## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 15. Interests in other entities (continued)

<b>Non-current assets</b>	42
<b>Current liabilities</b>	(567)
<b>Non-current liabilities</b>	-
<b>Net assets</b>	5,844
<b>Summarised Statement of Income and other Comprehensive Income</b>	
Grant funding	6,000
Interest income	2
Total Income from Continuing Operations	6,002
Employee benefits	(100)
Borrowing costs	-
Depreciation and amortisation	(3)
Administration expense	(55)
Total Expense from Continuing Operations	(158)
Profit/(loss) from continuing operations	5,844
Other Comprehensive Income	-
Total Comprehensive Income	5,844
<b>Summarised Statement of Cash Flows</b>	
Cash flows from operating activities	5,842
Cash flows from investing activities	2
Cash flows from financing activities	-
<b>Net Increase/(Decrease) in cash and cash equivalents</b>	<b>5,842</b>
<b>Reconciliation of carrying amount of interest in the joint arrangement to summarised financial information for FWJO accounted for using the Equity method:</b>	
Wentworth Shire Council's share of 25% of Net Assets	1,461
Carrying amount	1,461

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 15. Interests in other entities (continued)

## (ii) Joint operations

Principal activity	Place of business	Interest in ownership		Interest in voting	
		2019	2018	2019	2018
		%	%	%	%
<b>(a) Council is involved in the following joint operations (JO's)</b>					
<b>Name of joint operation:</b>					
Far West Joint Organisation	Local Government Joint Arrangement	6 Midway Drive Buronga NSW 2739	25%	0%	25% 0%

**Accounting policy for joint arrangements**

The council has determined that it has a joint arrangement with Balranald Council, Broken Hill Council and Central Darling Council in the Far West Joint Organisation.

Interest in joint arrangements are accounted for using the equity method in accordance with AASB 128 Investments in Associates and Joint Ventures.

Under this method, the investment is initially recognised as at cost and the carrying amount is increased or decreased to recognise the Council's share of the profit or loss and other comprehensive income of the investee after the date of acquisition. If the Council's share of losses of a joint arrangement equals or exceeds its interest in the joint arrangement, the Council discontinues recognising its share of further losses.

The Council's share in the joint arrangements gains or losses arising from transactions between itself and its joint arrangement are eliminated.

Adjustments are made to the joint arrangements accounting policies where they are different from those of the Council for the purpose of the consolidated financial statements.

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 16. Commitments

	2019	2018
	\$ '000	\$ '000

## Capital commitments (exclusive of GST)

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

**Property, plant and equipment**

Buildings	753	61
Plant and equipment	105	1,092
Other	2,527	1,007
<b>Total commitments</b>	<b>3,385</b>	<b>2,160</b>

**These expenditures are payable as follows:**

Within the next year	3,385	2,160
<b>Total payable</b>	<b>3,385</b>	<b>2,160</b>

**Sources for funding of capital commitments:**

Unrestricted general funds	3,385	2,160
<b>Total sources of funding</b>	<b>3,385</b>	<b>2,160</b>

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 17. Contingencies and other assets/liabilities not recognised

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, but their knowledge and disclosure is considered relevant to the users of Council's financial report.

#### LIABILITIES NOT RECOGNISED

##### 1. Guarantees

##### (i) Defined benefit superannuation contribution plans

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named The Local Government Superannuation Scheme – Pool B (the Scheme) which is a defined benefit plan that has been deemed to be a 'multi-employer fund' for purposes of AASB119 Employee Benefits for the following reasons:

- Assets are not segregated within the sub-group according to the employees of each sponsoring employer.
- The contribution rates have been the same for all sponsoring employers. That is, contribution rates have not varied for each sponsoring employer according to the experience relating to the employees of that sponsoring employer.
- Benefits for employees of all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer.
- The same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

Given the factors above, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers, and hence shares in the associated gains and losses (to the extent that they are not borne by members).

##### *Description of the funding arrangements.*

Pooled employers are required to pay standard employer contributions and additional lump sum contributions to the fund.

The standard employer contributions were determined using the new entrant rate method under which a contribution rate sufficient to fund the total benefits over the working life-time of a typical new entrant is calculated. The current standard employer contribution rates are:

Division B	1.90 times employee contributions
Division C	2.50% salaries
Division D	1.64 times employee contributions

The additional lump sum contribution for each Pooled Employer is a share of the total additional contributions of \$40 million per annum from 1 July 2018 for 3 years to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2018. These additional lump sum contributions are used to fund the deficit of assets to accrued liabilities as at 30 June 2018.

The adequacy of contributions is assessed at each triennial actuarial investigation and monitored annually between triennials.

##### *Description of the extent to which Council can be liable to the plan for other Council's obligations under the terms and conditions of the multi-employer plan*

As stated above, each sponsoring employer (Council) is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses.

However, there is no relief under the Fund's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, on full payment of outstanding additional contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the Council.

There are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up.

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2019 was \$106,504.59. The last valuation of the Scheme was performed by Mr Richard Boyfield, FIAA on 31 December 2018, and covers the period ended 30 June 2018.

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 17. Contingencies and other assets/liabilities not recognised (continued)

The amount of additional contributions included in the total employer contribution advised above is \$40 million. Council's expected contribution to the plan for the next annual reporting period is \$76,800.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2019 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	1,798.7	
Past Service Liabilities	1,784.2	100.8%
Vested Benefits	1,792.0	100.4%

\* excluding member accounts and reserves in both assets and liabilities.

The share of this deficit that is broadly attributed to Council is estimated to be in the order of \$153,600 as at 30 June 2019.

Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils. For this reason, no liability for the deficiency has been recognised in Council's accounts. Council has a possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

The key economic long term assumptions used to calculate the present value of accrued benefits are:

Investment return	5.75% per annum
Salary inflation *	3.50% per annum
Increase in CPI	2.50% per annum

\* Plus promotional increases

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group.

#### (ii) Statewide Limited

Council is a member of Statewide Mutual, a mutual pool scheme providing liability insurance to local government.

Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance. Council's share of the net assets or liabilities reflects Council's contributions to the pool and the result of insurance claims within each of the fund years.

The future realisation and finalisation of claims incurred but not reported to 30/6 this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

#### (iii) StateCover Limited

Council is a member of StateCover Mutual Limited and holds a partly paid share in the entity.

StateCover is a company providing workers compensation insurance cover to the NSW local government industry and specifically Council.

Council has a contingent liability to contribute further equity in the event of the erosion of the company's capital base as a result of the company's past performance and/or claims experience or as a result of any increased prudential requirements from APRA.

These future equity contributions would be required to maintain the company's minimum level of net assets in accordance with its licence requirements.

#### (iv) Other guarantees

Council has provided no other guarantees other than those listed above.

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 17. Contingencies and other assets/liabilities not recognised (continued)

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#### 2. Other liabilities

##### (i) Third party claims

The Council is involved from time to time in various claims incidental to the ordinary course of business including claims for damages relating to its services.

Council believes that it is appropriately covered for all claims through its insurance coverage and does not expect any material liabilities to eventuate.

##### (ii) Potential land acquisitions due to planning restrictions imposed by Council

Council has classified a number of privately owned land parcels as local open space or bushland.

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

At reporting date, reliable estimates as to the value of any potential liability (and subsequent land asset) from such potential acquisitions has not been possible.

#### ASSETS NOT RECOGNISED

##### (i) Land under roads

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30/6/08.

##### (ii) Infringement notices/fines

Fines and penalty income, the result of Council issuing infringement notices is followed up and collected by the Infringement Processing Bureau.

Council's revenue recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at year end, there is a potential asset due to Council representing issued but unpaid infringement notices.

Due to the limited information available on the status, value and duration of outstanding notices, Council is unable to determine the value of outstanding income.

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 18. Financial risk management

#### Risk management

Council's activities expose it to a variety of financial risks including **(1)** price risk, **(2)** credit risk, **(3)** liquidity risk and **(4)** interest rate risk.

The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by Council's finance section under policies approved by the Council.

The fair value of Council's financial assets and financial liabilities approximates their carrying amount.

	Carrying value 2019 \$ '000	Carrying value 2018 \$ '000	Fair value 2019 \$ '000	Fair value 2018 \$ '000
<b>Financial assets</b>				
<b>Measured at amortised cost</b>				
Cash and cash equivalents	6,327	4,968	6,327	4,968
Receivables	3,456	5,666	3,456	5,666
Investments				
– 'Financial assets at amortised cost' / 'held to maturity' (2018)	24,000	23,313	24,000	23,313
<b>Total financial assets</b>	<b>33,783</b>	<b>33,947</b>	<b>33,783</b>	<b>33,947</b>
<b>Financial liabilities</b>				
Payables	1,537	1,526	1,537	1,526
Loans/advances	4,539	4,779	4,539	4,779
<b>Total financial liabilities</b>	<b>6,076</b>	<b>6,305</b>	<b>6,076</b>	<b>6,305</b>

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings and held-to-maturity investments** – are based upon estimated future cash flows discounted by the current mkt interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.
- Financial assets classified (i) '**at fair value through profit and loss**' or (ii) '**available-for-sale**' – are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital.

Council's finance area manages the cash and Investments portfolio.

Council has an investment policy which complies with the Local Government Act 1993 and Minister's investment order 625. This policy is regularly reviewed by Council and it's staff and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance as required by Local Government regulations.

The risks associated with the instruments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether there changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 18. Financial risk management (continued)

- **Liquidity risk** – the risk that Council will not be able to pay its debts as and when they fall due.
- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

## (a) Market risk – price risk and interest rate risk

The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.

	Increase of values/rates		Decrease of values/rates	
	Profit \$ '000	Equity \$ '000	Profit \$ '000	Equity \$ '000
<b>2019</b>				
Possible impact of a 1% movement in interest rates	303	303	(303)	(303)
<b>2018</b>				
Possible impact of a 1% movement in interest rates	283	283	(283)	(283)



## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 18. Financial risk management (continued)

## (b) Credit risk

Council's major receivables comprise (i) rates and annual charges and (ii) user charges and fees.

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures. Council also encourages ratepayers to pay their rates by the due date through incentives.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

There are no significant concentrations of credit risk, other than Council has significant credit risk exposures in its local area given the nature of the business.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable in the financial statements.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors. There are no material receivables that have been subjected to a re-negotiation of repayment terms.

## Credit risk profile

## Receivables – rates and annual charges

Credit risk on rates and annual charges is minimised by the ability of Council to secure a charge over the land relating to the debts – that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates which further encourages the payment of debt.

	Not yet overdue \$ '000	< 1 year overdue \$ '000	1 - 2 years overdue \$ '000	2 - 5 years overdue \$ '000	> 5 years overdue \$ '000	Total \$ '000
<b>2019</b>						
Gross carrying amount	–	472	275	86	26	859
<b>2018</b>						
Gross carrying amount	–	442	233	76	24	775

## Receivables - non-rates and annual charges

Council applies the simplified approach for non-rates and annual charges debtors to provide for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision. To measure the expected credit losses, non-rates and annual charges debtors have been grouped based on shared credit risk characteristics and the days past due.

The loss allowance provision as at 30 June 2019 is determined as follows. The expected credit losses incorporate forward-looking information.

	Not yet overdue \$ '000	0 - 30 days overdue \$ '000	31 - 60 days overdue \$ '000	61 - 90 days overdue \$ '000	> 91 days overdue \$ '000	Total \$ '000
<b>2019</b>						
Gross carrying amount	1,367	1,023	81	98	77	2,646
Expected loss rate (%)	0.65%	0.50%	5.00%	0.00%	40.00%	1.85%
<b>ECL provision</b>	9	5	4	–	31	49
<b>2018</b>						
Gross carrying amount	228	743	96	93	1,813	2,973
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	3.35%	2.04%
<b>ECL provision</b>	–	–	–	–	61	61

continued on next page ...

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 18. Financial risk management (continued)

## (c) Liquidity risk

Payables and borrowings are both subject to liquidity risk – the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

Payment terms can (in extenuating circumstances) also be extended and overdraft facilities utilised as required.

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. Council manages this risk through diversification of borrowing types, maturities and interest rate structures. The finance team regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

The timing of cash flows presented in the table below to settle financial liabilities reflects the earliest contractual settlement dates. The timing of expected outflows is not expected to be materially different from contracted cashflows.

The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

	Weighted average interest rate %	Subject to no maturity \$ '000	payable in: ≤ 1 Year \$ '000	1 - 5 Years \$ '000	> 5 Years \$ '000	Total cash outflows \$ '000	Actual carrying values \$ '000
<b>2019</b>							
Trade/other payables	0.00%	356	1,181	–	–	1,537	1,537
Loans and advances	4.39%	–	392	1,960	4,117	6,469	4,539
<b>Total financial liabilities</b>		356	1,573	1,960	4,117	8,006	6,076
<b>2018</b>							
Trade/other payables	0.00%	286	1,240	–	–	1,526	1,526
Loans and advances	4.39%	–	324	1,935	3,736	5,995	4,779
<b>Total financial liabilities</b>		286	1,564	1,935	3,736	7,521	6,305

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 19. Material budget variations

Council's original financial budget for 18/19 was adopted by the Council on 27 June 2018 and is unaudited.

While the Income Statement included in this General Purpose Financial Statements must disclose the original budget adopted by Council, the Local Government Act 1993 requires Council to review its financial budget on a quarterly basis, so that it is able to manage the various variations between actuals versus budget that invariably occur throughout the year.

This note sets out the details of **material variations** between Council's original budget and its actual results for the year as per the Income Statement – even though such variations may have been adjusted for during each quarterly budget review.

Material variations represent those variances between the original budget figure and the actual result that amount to **10%** or more.

**Variation Key:** **F** = Favourable budget variation, **U** = Unfavourable budget variation.

\$ '000	2019 Budget	2019 Actual	2019 ----- Variance -----	
<b>REVENUES</b>				
<b>Rates and annual charges</b>	8,429	8,635	206	2% <b>F</b>
<b>User charges and fees</b>	4,785	5,422	637	13% <b>F</b>
The increase in User Fees and Charges is due to larger than expected revenue at the Buronga Landfill.				
<b>Interest and investment revenue</b>	735	886	151	21% <b>F</b>
The increase in Interest revenue was due to larger than expected cash reserves during the course of the financial year.				
<b>Other revenues</b>	1,145	1,118	(27)	(2)% <b>U</b>
<b>Operating grants and contributions</b>	8,933	9,713	780	9% <b>F</b>
<b>Capital grants and contributions</b>	10,182	6,544	(3,638)	(36)% <b>U</b>
Council was unsuccessful in a number of grant submissions which resulted in capital revenue being under budget. There were also timing differences between when grants were expected to be received and when they were or will be received.				
<b>Net gains from disposal of assets</b>	100	215	115	115% <b>F</b>
Trade in values received from disposal of assets was higher than budgeted for.				
<b>Joint ventures and associates – net profits</b>	–	1,461	1,461	∞ <b>F</b>
Due to the commencement of the Joint Organisation this variation is a requirement of accounting standard AASB 11 Joint Arrangements. This will always be a post 30 June adjustment.				

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 19. Material budget variations

\$ '000	2019 Budget	2019 Actual	2019 ----- Variance -----	
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**EXPENSES**

<b>Employee benefits and on-costs</b>	<b>8,605</b>	<b>9,364</b>	<b>(759)</b>	<b>(9)%</b>	<b>U</b>
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<b>Borrowing costs</b>	<b>227</b>	<b>216</b>	<b>11</b>	<b>5%</b>	<b>F</b>
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<b>Materials and contracts</b>	<b>4,641</b>	<b>5,464</b>	<b>(823)</b>	<b>(18)%</b>	<b>U</b>
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Increase was due to larger than expected expenses generated from additional fees for service works for the RMS on the State Highways, an increase in machinery maintenance and hire expenses at the landfill and an increase in maintenance expenses on unsealed roads due to the effects of the draught.

<b>Depreciation and amortisation</b>	<b>7,037</b>	<b>8,956</b>	<b>(1,919)</b>	<b>(27)%</b>	<b>U</b>
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In 2017/2018 Council revalued its Buildings. This resulted in a large increase in the Current Replacement Cost of Council's building assets which has resulted in a large increase in depreciation for buildings. The major component of the increase was due to the Civic Centre which contributed \$420,000 in extra depreciation.

<b>Other expenses</b>	<b>2,932</b>	<b>3,534</b>	<b>(602)</b>	<b>(21)%</b>	<b>U</b>
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The major contributor to this budget variation is the tip amortisation allowance for the Buronga Landfill which accounted for \$463,000 of the variance. This is a post 30 June non-cash transaction based on the total tonnage taken at the landfill for the year.

**STATEMENT OF CASH FLOWS**

<b>Net cash provided from (used in) operating activities</b>	<b>17,399</b>	<b>13,134</b>	<b>(4,265)</b>	<b>(25)%</b>	<b>U</b>
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Cash inflows were lower than expected due to a number of capital grants that were budgeted for but not received.

<b>Net cash provided from (used in) investing activities</b>	<b>(21,452)</b>	<b>(11,535)</b>	<b>9,917</b>	<b>(46)%</b>	<b>F</b>
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This was due to less outflows as a result of an under spend on capital works.

<b>Net cash provided from (used in) financing activities</b>	<b>2,068</b>	<b>(240)</b>	<b>(2,308)</b>	<b>(112)%</b>	<b>U</b>
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The is because there were a number of loans that were budgeted for but not taken out during the year.

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 20. Fair Value Measurement

The Council measures the following asset and liability classes at fair value on a recurring basis:

- Infrastructure, property, plant and equipment
- Financial assets and liabilities

The fair value of assets and liabilities must be estimated in accordance with various accounting standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a 'level' in the fair value hierarchy as follows:

**Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

**Level 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### (1) Assets and liabilities that have been measured and recognised at fair values

2019	Notes	Fair value measurement hierarchy				Total
		Date of latest valuation	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobserv-able inputs	
Recurring fair value measurements						
Infrastructure, property, plant and equipment	9(a)					
Plant and equipment		30/06/19	—	—	6,410	6,410
Office equipment		30/06/19	—	—	309	309
Furniture and fittings		30/06/19	—	—	22	22
Swimming Pools		30/06/18	—	—	1,727	1,727
Community land		30/06/16	—	—	7,836	7,836
Land improvements – depreciable		30/06/18	—	—	3,688	3,688
Buildings		30/06/18	—	—	33,017	33,017
Other structures		30/06/18	—	—	6,238	6,238
Roads, Bridges, Bulk Earthworks & Land Under Roads		30/06/15	—	—	287,987	287,987
Footpaths		30/06/15	—	—	2,625	2,625
Stormwater drainage		30/06/17	—	—	14,731	14,731
Water supply network		30/06/17	—	—	30,253	30,253
Sewerage network		30/06/16	—	—	18,283	18,283
Other recreational assets		30/06/14	—	—	311	311
Library books		30/06/19	—	—	113	113
Other Infrastructure			—	—	1,483	1,483
Tip Assets			—	—	2,177	2,177
Total infrastructure, property, plant and equipment			—	—	417,210	417,210

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 20. Fair Value Measurement (continued)

		Fair value measurement hierarchy				
2018	Notes	Date of latest valuation	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobserv-able inputs	Total
Recurring fair value measurements						
Infrastructure, property, plant and equipment	9(a)					
Plant and equipment		30/06/11	—	—	5,427	5,427
Office equipment		30/06/11	—	—	230	230
Furniture and fittings		30/06/11	—	—	32	32
Swimming Pools		30/06/18	—	—	1,802	1,802
Community land		01/07/16	—	—	7,842	7,842
Land improvements – depreciable		30/06/18	—	—	3,222	3,222
Buildings		30/06/18	—	—	34,677	34,677
Other structures		30/06/18	—	—	5,798	5,798
Roads, Bridges, Bulk Earthworks & Land Under Roads		30/06/16	—	—	285,371	285,371
Footpaths		30/06/16	—	—	2,552	2,552
Stormwater drainage		30/06/17	—	—	14,049	14,049
Water supply network		30/06/17	—	—	29,932	29,932
Sewerage network		30/06/17	—	—	18,105	18,105
Other recreational assets		30/06/18	—	—	352	352
Library books		30/06/17	—	—	107	107
Other Infrastructure		30/06/18	—	—	1,530	1,530
Tip Assets		30/06/18	—	—	2,222	2,222
Total infrastructure, property, plant and equipment			—	—	413,250	413,250

Note that capital WIP is not included above since it is carried at cost.

### (2) Transfers between level 1 and level 2 fair value hierarchies

The following transfers occurred between level 1 and level 2 fair value hierarchies during the year:

During the year, there were no transfers between level 1 and level 2 fair value hierarchies for recurring fair value measurements.

### (3) Valuation techniques used to derive level 2 and level 3 fair values

Where Council is unable to derive fair valuations using quoted market prices of identical assets (ie. level 1 inputs) Council instead utilises a spread of both observable inputs (level 2 inputs) and unobservable inputs (level 3 inputs).

The fair valuation techniques Council has employed while utilising level 2 and level 3 inputs are as follows:

#### Infrastructure, property, plant and equipment (IPP&E)

Plant & Equipment, Office Equipment and Furniture & Fittings are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. The key unobservable inputs to the valuation are the remaining useful life and residual value. Council reviews the values of these assets against quoted prices for the gross current replacement cost of similar assets and by taking account of the pattern of consumption, estimated remaining useful life and the residual value. There has been no change to the valuation process during the reporting period.

Operational Land comprises all of Council land classified as Operational Land under the NSW Local Government Act 1993. The key unobservable input to the valuation is the price per square metre. The last valuation was undertaken at 30 June 2016 using the values provided by the NSW Valuer General's Office. Generally, fair value is the most advantageous price reasonably obtained by the seller and the most advantageous price reasonably obtained by the buyer. This is not necessarily the market selling price of the asset, rather, it is regarded as the maximum value that Council would rationally pay to acquire the asset if it did not hold it, taking into account quoted market price in an active and liquid market, the current market price

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 20. Fair Value Measurement (continued)

of the same or similar asset, the cost of replacing the asset, if management intended to replace the asset, the remaining useful life and condition of the asset; and cash flows from future use and disposal. There has been no change to the valuation process during the reporting period.

Valuations of all Council's Community Land and Council managed land were based on the land values provided by the NSW Valuer General's Office. As these values were not considered to be observable market evidence they have been classified as Level 3. There has been no change to the valuation process during the reporting period.

Depreciable Land Improvements comprises land improvements such as spectator mounds, gardens, mulched areas streetscaping and landscaping. These assets may be located on parks, reserves and within road reserves. They were last revalued at 30 June 2018 by Asset Val Pty Ltd. The cost approach has been utilised whereby the replacement cost was estimated for each asset by taking into account a range of factors. Inputs such as estimates of pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were all classified as having been valued using Level 3 valuation inputs. There has been no change to the valuation process during the reporting period.

Specialised and non-specialised buildings were valued by Asset Val Pty Ltd at 30 June 2018 using the cost approach. The approach estimated the replacement cost of each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While all buildings were physically inspected inputs such as estimates of residual value and pattern of consumption required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using Level 3 valuation inputs. There has been no change to the valuation process during the reporting period.

Other Structures comprises lighting systems, shade sails, shelters, tennis and netball courts, bbqs, etc. The cost approach has been utilised whereby the replacement cost was estimated for each asset by taking into account a range of factors. Inputs such as estimates of pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. As such, these assets were classified as having been valued using Level 3 valuation inputs. There has been no change to the valuation process during the reporting period. These assets were valued by Asset Val Pty Ltd at 30 June 2018

Roads comprises the road carriageway, bus shelters, carparks, guardrails, kerb & guttering, boat ramps, wharfs and traffic facilities. The road carriage way is defined as the trafficable portion of a road, between but not including the kerb & gutter. The cost approach using Level 3 inputs was used to value the road carriage way and other road infrastructure. Valuations for the road carriageway, comprising surface, pavement and formation were internally valued by Council's Asset team at 30 June 2015. The cost approach was utilised with inputs such as estimates of patterns of consumption, residual value, asset condition and useful life requiring extensive professional judgement which impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is some uncertainty regarding the actual design, specifications and dimensions of some assets. There has been no change to the valuation process during the reporting period.

Footpaths were internally valued by Council's Asset team at 30 June 2015 using a cost approach. Footpaths were segmented to match the adjacent road segment and no further componentisation was undertaken. Footpaths were originally assessed using physical inspections. Condition information is updated as changes in the network are observed through regular inspections. There has been no change to the valuation process during the reporting period.

Stormwater Drainage assets comprises pits, pipes, headwalls, gross pollutant traps and various types of water quality devices. The cost approach estimated the replacement cost of each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. The level of componentisation adopted by Council is in accordance with OLG Circular 09-09 and the Institute of Public Works Engineers Australia's International Infrastructure Management Manual (IIMM). Inputs such as estimates of the pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. Accordingly due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets. There has been no changes to the valuation process during the reporting period. These assets were valued by Rapid Map Services Pty Ltd at 30 June 2017.

Sewerage Network and Water Supply Network assets comprises pump stations, reservoirs, treatment plants, reticulation mains, trunk mains, manholes, rising mains, pipes, valves, hydrants, standpipes. The cost approach estimated the replacement cost of each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. The level of componentisation adopted by Council is in accordance with OLG Circular 09-09 and the Institute of Public Works Engineers Australia's International Infrastructure Management Manual (IIMM). Inputs such as estimates of the pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value. Accordingly due to limitations in the historical records of very long lived

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 20. Fair Value Measurement (continued)

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assets there is uncertainty regarding the actual design, specifications and dimensions of some assets. There has been no changes to the valuation process during the reporting period. These assets were valued by AGIS Pty Ltd at 30 June 2017.

Swimming pools were valued by Asset Val Pty Ltd at 30 June 2018 using the cost approach. Inputs such as estimates of the pattern of consumption, residual value, asset condition and useful life required extensive professional judgement which impacted significantly on the final determination of fair value. There has been no change to the valuation process during the reporting period.

Other Open Space/Recreational Assets include all of Council's playground equipment. They were valued by Asset Val Pty Ltd at 30 June 2018 using the cost approach. Inputs such as estimates of the pattern of consumption, residual value, asset condition and useful life required extensive professional judgement which impacted significantly on the final determination of fair value. There has been no change to the valuation process during the reporting period.

Bridges were internally valued by Council's Asset team at 30 June 2015 using a cost approach. Bridges were originally assessed using physical inspections. Condition information is updated as changes in the condition are observed through regular inspections. There has been no change to the valuation process during the reporting period.



## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 20. Fair Value Measurement (continued)

## (4) Fair value measurements using significant unobservable inputs (level 3)

a. The following tables present the changes in level 3 fair value asset classes.

	Plant and equipment \$ '000	Office equipment \$ '000	Furniture and fittings \$ '000	Library books \$ '000	Community land \$ '000
<b>2018</b>					
<b>Opening balance</b>	5,664	156	43	101	7,481
Purchases (GBV)	723	126	4	43	699
Disposals (WDV)	(36)	—	—	—	(235)
Depreciation and impairment	(924)	(52)	(15)	(37)	—
Other movement (revaluation)	—	—	—	—	(103)
<b>Closing balance</b>	5,427	230	32	107	7,842
<b>2019</b>					
<b>Opening balance</b>	5,427	230	32	107	7,842
Purchases (GBV)	2,176	113	—	42	—
Disposals (WDV)	(194)	—	—	—	(6)
Depreciation and impairment	(999)	(34)	(10)	(36)	—
<b>Closing balance</b>	6,410	309	22	113	7,836

	Land imp'mts depreciable \$ '000	Buildings \$ '000	Other structures \$ '000	Roads \$ '000	Footpaths \$ '000
<b>2018</b>					
<b>Opening balance</b>	6,147	19,370	9,086	285,282	2,631
Transfers from/(to) another asset class	—	—	(1,577)	419	—
Purchases (GBV)	19	2,149	288	3,605	3
Depreciation and impairment	(146)	(723)	(204)	(3,601)	(82)
Other movement (revaluation)	(2,798)	13,881	(1,795)	(334)	—
<b>Closing balance</b>	3,222	34,677	5,798	285,371	2,552
<b>2019</b>					
<b>Opening balance</b>	3,222	34,677	5,798	285,371	2,552
Transfers from/(to) another asset class	—	8	—	2,154	—
Purchases (GBV)	677	239	98	4,098	157
Disposals (WDV)	—	(26)	—	—	—
Depreciation and impairment	(211)	(1,881)	(193)	(3,636)	(84)
Other movement (revaluation)	—	—	535	—	—
<b>Closing balance</b>	3,688	33,017	6,238	287,987	2,625

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 20. Fair Value Measurement (continued)

	Stormwater drainage \$ '000	Water supply network \$ '000	Sewerage network \$ '000
<b>2018</b>			
<b>Opening balance</b>	13,962	30,171	18,447
Transfers from/(to) another asset class	269	44	219
Purchases (GBV)	–	8	33
Depreciation and impairment	(222)	(643)	(743)
Other movement (revaluation)	40	352	149
<b>Closing balance</b>	<b>14,049</b>	<b>29,932</b>	<b>18,105</b>
<b>2019</b>			
<b>Opening balance</b>	14,049	29,932	18,105
Transfers from/(to) another asset class	–	85	40
Purchases (GBV)	686	416	610
Depreciation and impairment	(227)	(656)	(760)
Other movement (revaluation)	223	476	288
<b>Closing balance</b>	<b>14,731</b>	<b>30,253</b>	<b>18,283</b>

	Swimming pools \$ '000	Open space \$ '000	Total \$ '000
<b>2018</b>			
<b>Opening balance</b>	582	101	<b>399,224</b>
Transfers from/(to) another asset class	–	–	<b>(626)</b>
Purchases (GBV)	35	–	<b>7,735</b>
Disposals (WDV)	–	–	<b>(271)</b>
Depreciation and impairment	(51)	(47)	<b>(7,490)</b>
FV gains – other comprehensive income	1,236	298	<b>1,534</b>
Other movement (revaluation)	–	–	<b>9,392</b>
<b>Closing balance</b>	<b>1,802</b>	<b>352</b>	<b>409,498</b>
<b>2019</b>			
<b>Opening balance</b>	1,802	352	<b>409,498</b>
Transfers from/(to) another asset class	–	23	<b>2,310</b>
Purchases (GBV)	–	–	<b>9,312</b>
Disposals (WDV)	–	–	<b>(226)</b>
Depreciation and impairment	(75)	(64)	<b>(8,866)</b>
Other movement (revaluation)	–	–	<b>1,522</b>
<b>Closing balance</b>	<b>1,727</b>	<b>311</b>	<b>413,550</b>

### (5) Highest and best use

All of Council's non-financial assets are considered as being utilised for their highest and best use.

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 21. Related Party Transactions

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#### (a) Key management personnel

Key management personnel (KMP) of the council are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly.

The aggregate amount of KMP compensation included in the Income Statement is:

	2019 \$ '000	2018 \$ '000
<b>Compensation:</b>		
Short-term benefits	1,579	1,542
Other long-term benefits	128	–
Termination benefits	285	–
<b>Total</b>	<b>1,992</b>	<b>1,542</b>

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 21. Related Party Transactions (continued)

#### (b) Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of Council delivering a public service objective (e.g. access to library or Council swimming pool by KMP) will not be disclosed.

Nature of the transaction	Ref	Value of transactions during year \$ '000	Outstanding balance (incl. loans and commitments) \$ '000	Terms and conditions	Provisions for impairment of receivables outstanding \$ '000	Expense recognised for impairment of receivables \$ '000
<b>2019</b>						
Purchase of Parts and Service of Heavy Plant	1	116	7		—	—
Property Management Fees	2	1	—		—	—
Fees and Charges	3	2	—		—	—
Contribution to Operating Costs	4	—	4		—	—
Employee Remuneration relating to a close family member of a KMP	5	91	—		—	—
Supply of Hardware Materials	6	2	—		—	—
Donations, Grants and Contributions	7	19	—		—	—
Tree/Weed Removal, Construction and Demolition work	8	103	—		—	—
Cleaning Services	9	88	—		—	—
Professional Consulting Services	10	125	—		—	—
Document Destruction Services and Purchase of Furniture	11	2	—		—	—
Hire of Caravan	12	4	—		—	—

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 21. Related Party Transactions (continued)

Nature of the transaction	Ref	Value of transactions during year \$ '000	Outstanding balance (incl. loans and commitments) \$ '000	Terms and conditions	Provisions for impairment of receivables outstanding \$ '000	Expense recognised for impairment of receivables \$ '000
<b>2018</b>						
Purchase of Parts and Service of Heavy Plant	1	106	7		—	—
Purchase of Heavy Plant	13	195	—		—	—
Property Management Fees	2	1	—		—	—
Fees and Charges	3	1	—		—	—
Contribution to Operating Costs	4	—	4		—	—
Employee Remuneration relating to a close family member of a KMP	5	83	—		—	—
Supply of Hardware Materials	6	2	—		—	—
Donations, Grants and Contributions	7	17	—		—	—
Tree/Weed Removal, Construction and Demolition work	8	67	4		—	—
Cleaning Services	9	83	10		—	—
Professional Consulting Services	10	524	42		—	—
Document Destruction Services and Purchase of Furniture	11	2	—		—	—
Painting Services	14	4	—		—	—

1 Council purchases parts and has heavy plant serviced by William Adams Pty Ltd and Mildura Truck Centre Pty Ltd, companies that employee close family members of Council KMP's. Services and spare parts are billed based on normal rates for such supplies and are due and payable under normal payment terms following Council's procurement process.

2 Council has an investment property that is managed by Elstone Agencies Pty Ltd, a company directly controlled by a Council KMP. Commission was paid under standard industry terms following Council's procurement process

3 Planning fees were received in relation to Sec 10.7 Certificates and Construction Certificates for Development Applications and a permit for a wood heater in Council's investment property from Elstone Agencies Pty Ltd, a company which is directly controlled by a Council KMP. Hire Fees were received in relation to the use of Council buildings by Murray House Aged Care, an organisation that is jointly controlled by a Council KMP. Fees were received in relation to the purchase of supplies from Council's store by the Wentworth Golf Club, an organisation that is jointly controlled by a Council KMP. Fees and Charges for Food Premises Inspections, Waste disposal and hire of Council parks was received by the Coomealla Memorial Sporting Club, an organisation that is jointly controlled by a Council KMP. Licence fees for the use of a Crown Reserves which Council is the Crown Land Manager was received from the Wentworth Golf Club, an organisation which is jointly controlled by a Council KMP. Licence fees for the use of a Crown Reserve which Council is the Crown Land Manager was received from the Wentworth Bowls Club, an organisation jointly controlled by a Council KMP.

4 An outstanding amount is owed to Council by Wentworth Cruises, a business that employees a Council KMP and is jointly controlled by a Council KMP. The amount is a contribution to the operating costs of a Crown Reserve which Council is the Crown Land Manager.

5 A close family member of two Council KMP's are and where employed by Council under the Local Government State Award on an arm's length basis.

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 21. Related Party Transactions (continued)

- 
- 6 Council purchased hardware supplies from Wheeldon's Hardware, a business directly controlled by a Council KMP. Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms following Council's procurement process.
- 7 Council approved Donations and Contributions to Bottle Bend Reserve Land Manager, Wentworth Rotary Club, Murray House Aged Care, Wentworth Pioneer Homes and Wentworth Golf Club as part of Council's annual Donations, Grants and Contributions program. All five organisations are jointly controlled by a Council KMP.
- 8 Council incurred transactions during the year with XCAV8IT, a business that is directly controlled by a close family member of a Council KMP. Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms following Council's procurement process.
- 9 Council incurred transactions with Wally Green's Hygiene & Cleaning Services, a business that employees a close family member of a Council KMP. Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms following Council's procurement process.
- 10 Council incurred transactions with Aurecon Pty Ltd, a company that employed the close family member of a Council KMP. Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms following Council's procurement process. Council incurred transactions with Tonkins Consulting Pty Ltd, a company that employees the close family member of a Council KMP. Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms following Council's procurement process. Council incurred transactions with Juxter Pty Ltd, a company that employees a close family member of a Council KMP. Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms following Council's procurement process.
- 11 Council incurred transactions with the Christie Centre Inc, an organisation that is jointly controlled by a Council KMP. Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms following Council's procurement process. The Christie Centre also employs a close family member of a Council KMP.
- 12 Council incurred transactions with Darlene and Rod Watts for the hire of a caravan for the Manager at Willowbend Caravan Park. They are close family members of a Council KMP. Amounts were billed based on a normal rates for such supplies and were due and payable under normal payment terms following Council's procurement process.
- 13 Council purchased Heavy Plant from Mildura Truck Centre Pty Ltd, a company that employees a close family member of a Council KMP. Plant purchase to the value of \$195,326 in 2017/2018 was awarded through a competitive tender process based on market rates for these machines. Amounts were billed and paid for following delivery.
- 14 Council incurred transactions with Darren Norris Painting & Decorating, a business that employees a close family member of a Council KMP. Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms following Council's procurement process.

### (c) Other related party transactions

- 1 Council is a member of the Far West Joint Organisation of Councils (FWJO). Council was not required to make any contributions to the FWJO during 2018/2019

**Notes to the Financial Statements**  
for the year ended 30 June 2019

**Note 22. Events occurring after the reporting date**

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Council is unaware of any material or significant 'non-adjusting events' that should be disclosed.

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 23. Statement of developer contributions

Under the *Environmental Planning and Assessment Act 1979*, Council has significant obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas.

It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

### Summary of contributions and levies

	as at 30/6/2018						as at 30/6/2019	
	Opening Balance \$ '000	Contributions received during the year		Interest earned in year \$ '000	Expenditure during year \$ '000	Internal borrowing (to)/from \$ '000	Held as restricted asset \$ '000	Cumulative internal borrowings due/(payable) \$ '000
		Cash \$ '000	Non-cash \$ '000					
Development Contribution Plan	137	13	–	4	–	–	154	–
Service Plan # 2	454	1	–	11	–	–	466	–
<b>S7.11 contributions – under a plan</b>	<b>591</b>	<b>14</b>	<b>–</b>	<b>15</b>	<b>–</b>	<b>–</b>	<b>620</b>	<b>–</b>
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>591</b>	<b>14</b>	<b>–</b>	<b>15</b>	<b>–</b>	<b>–</b>	<b>620</b>	<b>–</b>
<b>Total contributions</b>	<b>591</b>	<b>14</b>	<b>–</b>	<b>15</b>	<b>–</b>	<b>–</b>	<b>620</b>	<b>–</b>

### S7.11 Contributions – under a plan

#### CONTRIBUTION PLAN 1

Development Contribution Plan	137	13	–	4	–	–	154	–
Service Plan # 2	454	1	–	11	–	–	466	–
<b>Total</b>	<b>591</b>	<b>14</b>	<b>–</b>	<b>15</b>	<b>–</b>	<b>–</b>	<b>620</b>	<b>–</b>



## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 24. Financial result and financial position by fund

	General <sup>1</sup> 2019 \$ '000	Water 2019 \$ '000	Sewer 2019 \$ '000
<b>Income Statement by fund</b>			
<b>Income from continuing operations</b>			
Rates and annual charges	5,938	1,156	1,541
User charges and fees	3,830	1,488	104
Interest and investment revenue	565	240	81
Other revenues	1,104	14	–
Grants and contributions provided for operating purposes	9,483	213	17
Grants and contributions provided for capital purposes	4,843	460	1,241
<b>Other income</b>			
Net gains from disposal of assets	215	–	–
Share of interests in joint ventures and associates using the equity method	1,461	–	–
<b>Total income from continuing operations</b>	<b>27,439</b>	<b>3,571</b>	<b>2,984</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	9,330	20	14
Borrowing costs	216	–	–
Materials and contracts	3,658	1,324	482
Depreciation and amortisation	7,538	658	760
Other expenses	3,300	180	54
<b>Total expenses from continuing operations</b>	<b>24,042</b>	<b>2,182</b>	<b>1,310</b>
<b>Operating result from continuing operations</b>	<b>3,397</b>	<b>1,389</b>	<b>1,674</b>
<b>Net operating result for the year</b>	<b>3,397</b>	<b>1,389</b>	<b>1,674</b>
<b>Net operating result attributable to each council fund</b>	<b>3,397</b>	<b>1,389</b>	<b>1,674</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>(1,446)</b>	<b>929</b>	<b>433</b>

NB. All amounts disclosed above are gross – that is, they include internal charges and recoveries made between the funds.

(<sup>1</sup>) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 24. Financial result and financial position by fund (continued)

	General <sup>1</sup> 2019 \$ '000	Water 2019 \$ '000	Sewer 2019 \$ '000
<b>Statement of Financial Position by fund</b>			
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	(5,122)	8,710	2,739
Investments	24,000	–	–
Receivables	1,659	1,289	508
Inventories	207	–	–
Other	156	–	–
<b>Total current assets</b>	<b>20,900</b>	<b>9,999</b>	<b>3,247</b>
<b>Non-current assets</b>			
Infrastructure, property, plant and equipment	371,184	31,119	20,472
Investments accounted for using the equity method	1,461	–	–
Intangible assets	184	–	–
<b>Total non-current assets</b>	<b>372,829</b>	<b>31,119</b>	<b>20,472</b>
<b>TOTAL ASSETS</b>	<b>393,729</b>	<b>41,118</b>	<b>23,719</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	1,537	–	–
Income received in advance	487	–	–
Borrowings	247	–	–
Provisions	2,110	–	–
<b>Total current liabilities</b>	<b>4,381</b>	<b>–</b>	<b>–</b>
<b>Non-current liabilities</b>			
Borrowings	4,292	–	–
Provisions	1,504	–	–
<b>Total non-current liabilities</b>	<b>5,796</b>	<b>–</b>	<b>–</b>
<b>TOTAL LIABILITIES</b>	<b>10,177</b>	<b>–</b>	<b>–</b>
<b>Net assets</b>	<b>383,552</b>	<b>41,118</b>	<b>23,719</b>
<b>EQUITY</b>			
Accumulated surplus	40,762	17,086	5,150
Revaluation reserves	342,790	24,032	18,569
<b>Council equity interest</b>	<b>383,552</b>	<b>41,118</b>	<b>23,719</b>
<b>Total equity</b>	<b>383,552</b>	<b>41,118</b>	<b>23,719</b>

NB. All amounts disclosed above are gross – that is, they include internal charges and recoveries made between the funds. Assets and liabilities shown in the water and sewer columns are restricted for use for these activities.

(1) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

## Notes to the Financial Statements

for the year ended 30 June 2019

## Note 25(a). Statement of performance measures – consolidated results

\$ '000	Amounts 2019	Indicator 2019	Prior periods 2018      2017		Benchmark
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1, 2</sup>	<b>(1,760)</b>	<b>(6.83)%</b>	1.33%	13.35%	>0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>25,774</b>				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>15,960</b>	<b>49.38%</b>	58.45%	48.00%	>60.00%
Total continuing operating revenue <sup>1</sup>	<b>32,318</b>				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	<b>17,854</b>	<b>7.19x</b>	7.93x	6.92x	>1.50x
Current liabilities less specific purpose liabilities	<b>2,483</b>				
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>7,412</b>	<b>16.25x</b>	16.94x	42.30x	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>456</b>				
<b>5. Rates, annual charges, interest and extra charges outstanding percentage</b>					
Rates, annual and extra charges outstanding	<b>1,049</b>	<b>10.98%</b>	9.96%	10.23%	<10.00%
Rates, annual and extra charges collectible	<b>9,551</b>				
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<b>30,327</b>	<b>17.86 mths</b>	16.28 mths	17.97 mths	>3.00 mths
Monthly payments from cash flow of operating and financing activities	<b>1,698</b>				

(1) Excludes fair value adjustments, reversal of revaluation decrements, net gain on sale of assets, and net loss of interests in joint ventures and associates.

(2) Excludes impairment/revaluation decrements, net loss on sale of assets, and net loss on share of interests in joint ventures and associates

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 25(b). Statement of performance measures – by fund

\$ '000	General Indicators <sup>3</sup>		Water Indicators		Sewer Indicators		Benchmark
	2019	2018	2019	2018	2019	2018	
<b>1. Operating performance ratio</b>							
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>(14.92)%</b>	(2.31)%	<b>29.86%</b>	26.35%	<b>24.84%</b>	6.19%	>0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>							
<b>2. Own source operating revenue ratio</b>							
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>44.00%</b>	51.06%	<b>81.15%</b>	96.10%	<b>57.84%</b>	92.57%	>60.00%
Total continuing operating revenue <sup>1</sup>							
<b>3. Unrestricted current ratio</b>							
Current assets less all external restrictions	<b>7.19x</b>	7.93x	∞	∞	∞	∞	>1.50x
Current liabilities less specific purpose liabilities							
<b>4. Debt service cover ratio</b>							
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>10.16x</b>	12.20x	∞	∞	∞	∞	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
<b>5. Rates, annual charges, interest and extra charges outstanding percentage</b>							
Rates, annual and extra charges outstanding	<b>6.03%</b>	5.07%	<b>32.44%</b>	31.23%	<b>16.94%</b>	15.43%	<10.00%
Rates, annual and extra charges collectible							
<b>6. Cash expense cover ratio</b>							
Current year's cash and cash equivalents plus all term deposits	<b>13.41</b>	12.62	<b>47.90</b>	40.98	<b>25.09</b>	22.72	>3.00
Payments from cash flow of operating and financing activities	<b>mths</b>	mths	<b>mths</b>	mths	<b>mths</b>	mths	mths

(1) - (2) Refer to Notes at Note 25a above.

(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 26. Financial review

	2019 \$ '000	2018 \$ '000	2017 \$ '000	2016 \$ '000	2015 \$ '000
<b>Key financial figures of Council over the past 5 years</b>					
<b>Inflows:</b>					
Rates and annual charges revenue	8,635	8,265	7,938	7,762	7,526
User charges revenue	5,422	6,759	5,570	4,155	3,928
Interest and investment revenue (losses)	886	765	808	839	1,027
Grants income – operating and capital	10,992	9,328	13,075	9,439	7,189
Total income from continuing operations	33,994	28,400	31,579	25,123	22,664
Sale proceeds from I,PP&E	440	710	383	39	189
New loan borrowings and advances	–	1,314	2,936	–	–
<b>Outflows:</b>					
Employee benefits and on-cost expenses	9,364	8,791	8,478	7,945	7,550
Borrowing costs	216	191	74	57	50
Materials and contracts expenses	5,464	6,573	5,296	4,617	6,064
Total expenses from continuing operations	27,534	26,419	24,952	22,994	23,010
Total cash purchases of I,PP&E	11,288	10,465	13,573	6,625	7,626
Total loan repayments (incl. finance leases)	240	286	201	169	256
Operating surplus/(deficit) (excl. capital income)	(84)	476	4,155	601	(1,822)
<b>Financial position figures</b>					
Current assets	34,146	33,272	33,785	30,320	27,384
Current liabilities	4,381	4,391	4,736	4,423	4,548
Net current assets	29,765	28,881	29,049	25,897	22,836
Available working capital (Unrestricted net current assets)	5,474	8,216	8,867	9,646	6,277
Cash and investments – unrestricted	4,633	5,297	7,068	9,405	6,849
Cash and investments – internal restrictions	11,199	10,767	10,010	6,660	8,810
Cash and investments – total	30,327	28,281	28,523	26,134	23,883
Total borrowings outstanding (Loans, advances and finance leases)	4,539	4,779	3,751	1,016	1,185
Total value of I,PP&E (excl. land and earthworks)	447,222	432,236	405,465	351,938	532,985
Total accumulated depreciation	223,148	214,659	204,122	177,381	181,538
Indicative remaining useful life (as a % of GBV)	50%	50%	50%	50%	66%

**Source:** published audited financial statements of Council (current year and prior year)

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 27. Council information and contact details

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**Principal place of business:**

26-28 Adelaide Street  
Wentworth NSW 2648

**Contact details**

**Mailing Address:**

PO Box 81  
Wentworth NSW 2648

**Opening hours:**

8:30am - 5:00pm  
Monday to Friday

**Telephone:** 03 5027 5027

**Facsimile:** 03 5027 5000

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**Email:** [council@council.nsw.gov.au](mailto:council@council.nsw.gov.au)

**Officers**

**General Manager**

Ken Ross

**Elected members**

**MAYOR**

Melisa Hedrics

**Responsible Accounting Officer**

Simon Rule

**COUNCILLORS**

Tim Elstone

Greg Evans

Steve Heywood

Jane MacAllister

Don McKinnon

Susan Nichols

Peter Nunan

Bill Wheeldon

**Public Officer**

Simon Rule

**Auditors**

Audit Office of NSW  
Darling Park Tower 2, Level 19  
201 Sussex Street  
Sydney NSW 2000

**Other information**

**ABN:** 96 283 886 815



## INDEPENDENT AUDITOR'S REPORT

### Report on the general purpose financial statements

#### Wentworth Shire Council

To the Councillors of Wentworth Shire Council

### Opinion

I have audited the accompanying financial statements of Wentworth Shire Council (the Council), which comprise the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2019, the Statement of Financial Position as at 30 June 2019, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Councillors and Management.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
  - have been presented, in all material respects, in accordance with the requirements of this Division
  - are consistent with the Council's accounting records
  - present fairly, in all material respects, the financial position of the Council as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

My opinion should be read in conjunction with the rest of this report.

### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## **Other Information**

The Council's annual report for the year ended 30 June 2019 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the special purpose financial statements and Special Schedule - Permissible income for general rates.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

## **The Councillors' Responsibilities for the Financial Statements**

The Councillors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the *Local Government Act 1993*, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting except where the Council will be dissolved or amalgamated by an Act of Parliament, or otherwise cease operations.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

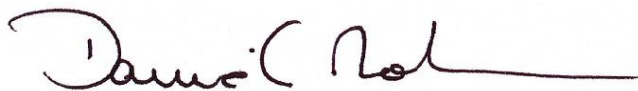
Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.



A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note 19 Material budget variations
- on the Special Schedules. A separate opinion has been provided on Special Schedule - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

A handwritten signature in dark ink, appearing to read 'David Nolan', with a long horizontal flourish extending to the right.

David Nolan  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

28 October 2019  
SYDNEY



Cr Melisa Hederics  
Mayor  
Wentworth Shire Council  
PO Box 81  
WENTWORTH NSW 2648

Contact: David Nolan  
Phone no: 02 9275 7377  
Our ref: D1925885/1806

28 October 2019

Dear Mayor

**Report on the Conduct of the Audit  
for the year ended 30 June 2019  
Wentworth Shire Council**

I have audited the general purpose financial statements (GPFS) of the Wentworth Shire Council (the Council) for the year ended 30 June 2019 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified opinion on the Council's GPFS.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2019 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

## **INCOME STATEMENT**

### **Operating result**

	<b>2019</b>	<b>2018</b>	<b>Variance</b>
	<b>\$m</b>	<b>\$m</b>	<b>%</b>
Rates and annual charges revenue	8.64	8.27	↑ 4.5
Grants and contributions revenue	16.26	11.65	↑ 39.6
Operating result for the year	6.46	1.98	↑ 226
Net operating result before capital grants and contributions	(0.08)	0.48	↓ 117

Council's operating result (\$6.46 million including the effect of depreciation and amortisation expense of \$8.96 million) was \$4.48 million higher than the 2017–18 result. This was mainly due to increased capital grants and contributions and the recognition of Council's share of the net assets of the Far South West Joint Organisation (FSWJO) amounting to \$1.46 million.

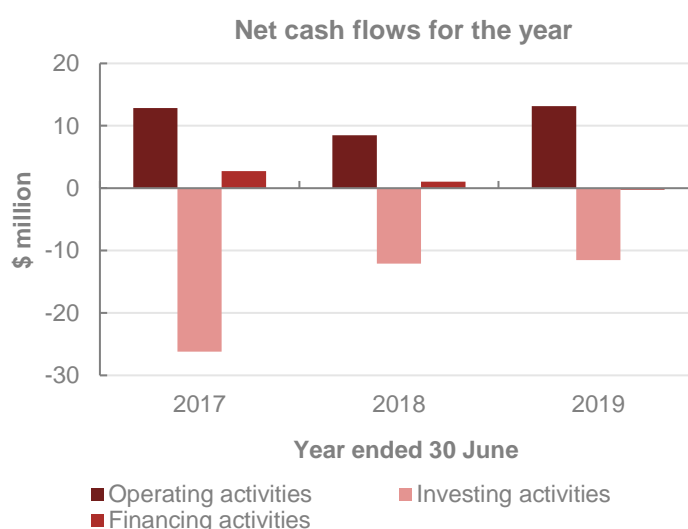
The net operating result before capital grants and contributions (\$84,000 deficit) was \$560,000 lower than the 2017–18 result. Contributing to this was an increase in depreciation charges of \$1.4 million.

Rates and annual charges revenue (\$8.64 million) increased by \$370,000 (4.5 per cent) in 2018–2019.

Grants and contributions revenue (\$16.26 million) increased by \$4.61 million (39.6 per cent) in 2018–2019 due to additional receipts of capital grants of \$1.91 million and the non-cash dedication of infrastructure assets from developers of \$3.17 million.

## STATEMENT OF CASH FLOWS

- The Statement of Cash Flows illustrates the flow of cash and cash equivalents moving in and out of Council during the year and reveals that cash increased by \$1.4 million to \$6.3 million at the close of the year.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2019	2018	Commentary
	\$m	\$m	
External restrictions	14.5	12.2	• External restrictions include unspent specific purpose grants and contributions, and water and sewerage funds.
Internal restrictions	11.2	10.8	
Unrestricted	4.6	5.3	• Balances are internally restricted due to Council policy or decisions for forward plans including works program.
<b>Cash and investments</b>	<b>30.3</b>	<b>28.3</b>	
			• Unrestricted balances provide liquidity for day-to-day operations.

### Debt

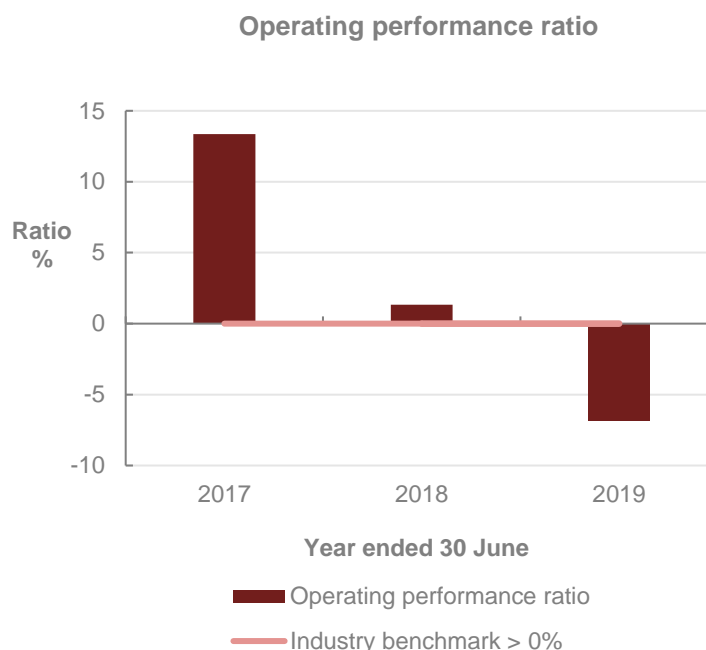
After repaying principal and interest of \$456,000, total debt as at 30 June 2019 was \$4.5 million (2018: \$4.8 million).

## PERFORMANCE

### Operating performance ratio

- Council's operating performance indicator of -6.83 per cent in 2018–19 (1.33 per cent in 2017–18) failed to meet the industry benchmark.
- The decrease is due to a reduction in the operating result before capital items after excluding the effects of recognising Council's share of the FSWJO.

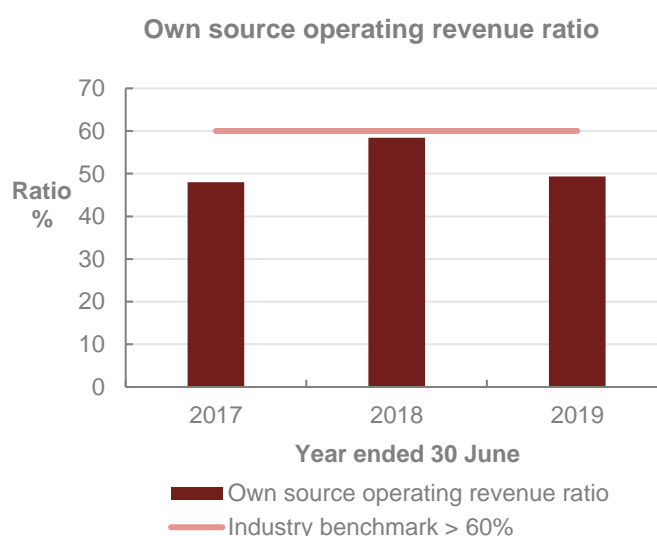
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by the former Office of Local Government (OLG) is greater than zero per cent.



### Own source operating revenue ratio

- Council's own source operating revenue ratio of 49.4 per cent in 2018–19 (58.5 per cent in 2017–18) failed to meet the industry benchmark.
- This indicator fluctuates with movements in grants and contributions.

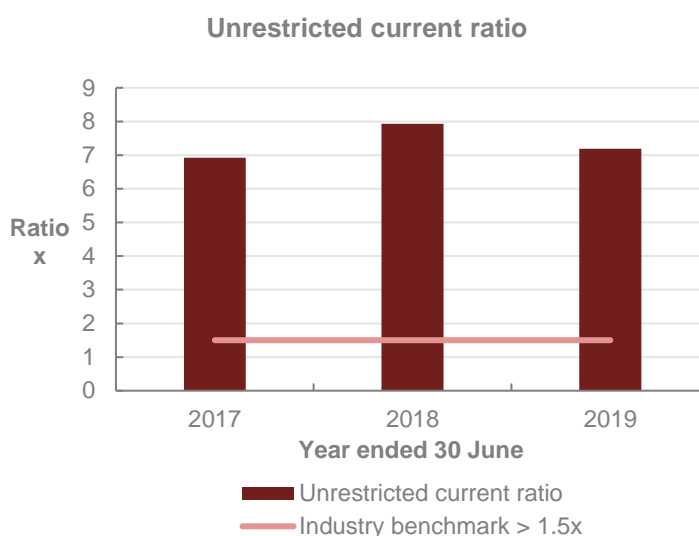
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by the former OLG is greater than 60 per cent.



## Unrestricted current ratio

- This ratio indicated that Council had 7.2 times of unrestricted assets available to service every one dollar of its unrestricted current liabilities.
- Council's unrestricted current ratio decreased to 7.2 as at 30 June 2019 (7.9 for 2018) and exceeded the industry benchmark.

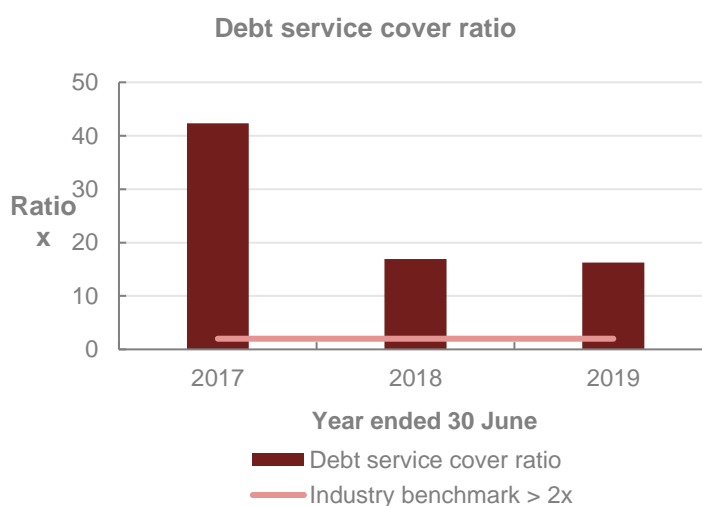
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by the former OLG is greater than 1.5 times.



## Debt service cover ratio

- The debt service cover ratio for 2018–19 was 16.3 (16.9 in 2017–18) which is above the industry benchmark.

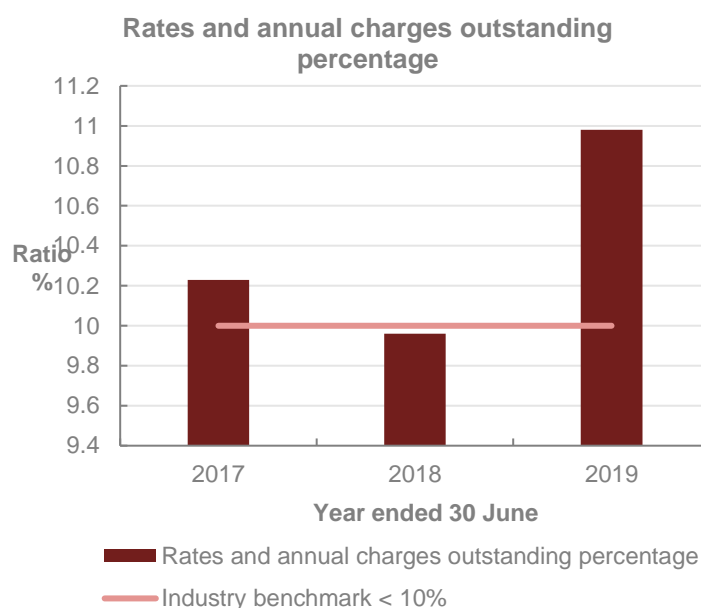
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by the former OLG is greater than two times.



## Rates and annual charges outstanding percentage

- Council's indicator of 11 per cent as at 30 June 2019 (10 per cent as at 30 June 2018) failed to meet the benchmark.
- Management attribute the deterioration of this ratio to hardship caused by the drought.

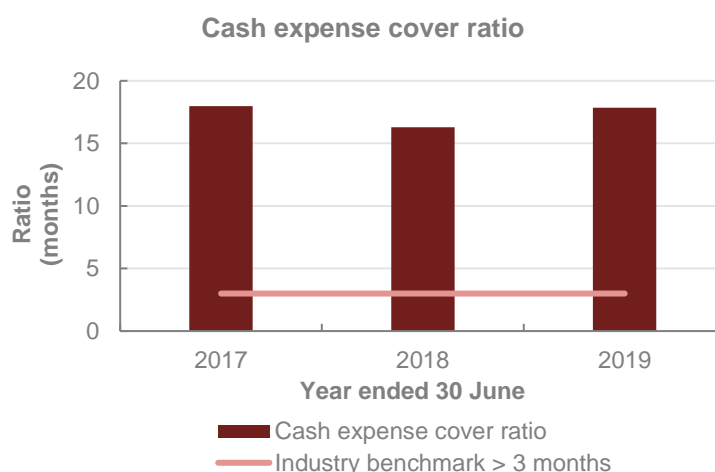
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by the former OLG is less than 10 per cent for regional and rural councils.



## Cash expense cover ratio

- Council's cash expense cover ratio of 17.9 months for 2018–19 (16.3 months for 2017–18) exceeded the benchmark.

This liquidity ratio indicates the number of months the council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by the former OLG is greater than three months.



## Infrastructure, property, plant and equipment renewals

- Council's asset renewal additions for the year were \$7.7 million compared \$9.7 million for the prior year
- The level of asset renewals during the year represented 86 percent of the total depreciation expense (\$9 million) for the year.

## OTHER MATTERS

### New accounting standards implemented

Application period	Overview
<b>AASB 9 'Financial Instruments' and revised AASB 7 'Financial Instruments: Disclosures'</b>	
For the year ended 30 June 2019	<p>AASB 9 replaces AASB 139 'Financial Instruments: Recognition and Measurement' and changes the way financial instruments are treated for financial reporting.</p> <p>Key changes include:</p> <ul style="list-style-type: none"><li>• a simplified model for classifying and measuring financial assets</li><li>• a new method for calculating impairment</li><li>• a new type of hedge accounting that more closely aligns with risk management.</li></ul> <p>The revised AASB 7 includes new disclosures as a result of AASB 9.</p> <p>The impact of adopting AASB 9 is disclosed in Notes 6, 7 and 13.</p>

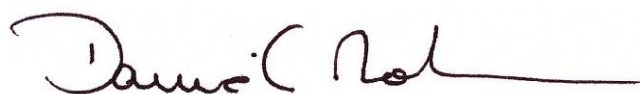
### Legislative compliance

My audit procedures did not identify any instances of non-compliance with legislative requirements or a material deficiency in the Council's accounting records or financial statements. The Council's:

- accounting records were maintained in a manner and form to allow the GPFS to be prepared and effectively audited
- staff provided all accounting records and information relevant to the audit.

The Council's:

- accounting records were maintained in a manner and form that facilitated the preparation and the effective audit of the general purpose financial statements
- staff provided all accounting records and information relevant to the audit.



David Nolan  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

cc: Ken Ross, General Manager  
Jim Betts, Secretary of the Department of Planning, Industry and Environment

# Wentworth Shire Council

**SPECIAL PURPOSE FINANCIAL STATEMENTS**  
for the year ended 30 June 2019

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# Special Purpose Financial Statements

for the year ended 30 June 2019

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## Background

- i. These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
- ii. The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.

- iii. For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).

- iv. In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).

## Special Purpose Financial Statements

for the year ended 30 June 2019

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Statement by Councillors and Management made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

The attached Special Purpose Financial Statements have been prepared in accordance with:

- the NSW Government Policy Statement '*Application of National Competition Policy to Local Government*',
- the Division of Local Government Guidelines '*Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality*',
- the Local Government Code of Accounting Practice and Financial Reporting,
- the NSW Office of Water Best-Practice Management of Water and Sewerage Guidelines.

To the best of our knowledge and belief, these statements:

- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records,
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

We are not aware of any matter that would render these statements false or misleading in any way.

Signed in accordance with a resolution of Council made on 16 October 2019.



Melisa Hedrics  
**Mayor**  
16 October 2019



Tim Elstone  
**Councillor**  
16 October 2019



Ken Ross  
**General Manager**  
16 October 2019



Simon Rule  
**Responsible Accounting Officer**  
16 October 2019

## Income Statement – Water Supply Business Activity

for the year ended 30 June 2019

	2019 \$ '000	2018 \$ '000
<b>Income from continuing operations</b>		
Access charges	1,156	1,099
User charges	1,488	1,448
Interest	240	198
Grants and contributions provided for non-capital purposes	213	100
Other income	14	58
<b>Total income from continuing operations</b>	<b>3,111</b>	<b>2,903</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	20	41
Borrowing costs	–	3
Materials and contracts	1,324	1,265
Depreciation, amortisation and impairment	658	643
Other expenses	180	186
<b>Total expenses from continuing operations</b>	<b>2,182</b>	<b>2,138</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>929</b>	<b>765</b>
Grants and contributions provided for capital purposes	460	98
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>1,389</b>	<b>863</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>1,389</b>	<b>863</b>
Less: corporate taxation equivalent (27.5%) [based on result before capital]	(255)	(210)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>1,134</b>	<b>653</b>
<b>Plus accumulated surplus</b>	<b>15,697</b>	<b>14,834</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	255	210
<b>Closing accumulated surplus</b>	<b>17,086</b>	<b>15,697</b>
<b>Return on capital %</b>	<b>3.0%</b>	<b>2.5%</b>
<b>Subsidy from Council</b>	<b>–</b>	<b>32</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	1,134	653
<b>Surplus for dividend calculation purposes</b>	<b>1,134</b>	<b>653</b>
<b>Potential dividend calculated from surplus</b>	<b>567</b>	<b>326</b>

## Income Statement – Sewerage Business Activity

for the year ended 30 June 2019

	2019 \$ '000	2018 \$ '000
<b>Income from continuing operations</b>		
Access charges	1,541	1,476
User charges	104	186
Interest	81	84
Grants and contributions provided for non-capital purposes	17	17
<b>Total income from continuing operations</b>	<b>1,743</b>	<b>1,763</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	14	26
Materials and contracts	482	728
Depreciation, amortisation and impairment	760	750
Other expenses	54	57
<b>Total expenses from continuing operations</b>	<b>1,310</b>	<b>1,561</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>433</b>	<b>202</b>
Grants and contributions provided for capital purposes	1,241	13
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>1,674</b>	<b>215</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>1,674</b>	<b>215</b>
Less: corporate taxation equivalent (27.5%) [based on result before capital]	(119)	(56)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>1,555</b>	<b>159</b>
<b>Plus accumulated surplus</b>	<b>3,476</b>	<b>3,261</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	119	56
<b>Closing accumulated surplus</b>	<b>5,150</b>	<b>3,476</b>
<b>Return on capital %</b>	<b>2.1%</b>	<b>1.1%</b>
<b>Subsidy from Council</b>	<b>–</b>	<b>285</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	1,555	159
Less: capital grants and contributions (excluding developer contributions)	(558)	–
<b>Surplus for dividend calculation purposes</b>	<b>997</b>	<b>159</b>
<b>Potential dividend calculated from surplus</b>	<b>498</b>	<b>80</b>

## Statement of Financial Position – Water Supply Business Activity

as at 30 June 2019

	2019 \$ '000	2018 \$ '000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	8,710	7,302
Receivables	1,289	1,530
<b>Total current assets</b>	9,999	8,832
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	31,119	30,421
<b>Total non-current assets</b>	31,119	30,421
<b>TOTAL ASSETS</b>	41,118	39,253
<b>NET ASSETS</b>	41,118	39,253
<b>EQUITY</b>		
Accumulated surplus	17,086	15,697
Revaluation reserves	24,032	23,556
<b>TOTAL EQUITY</b>	41,118	39,253

## Statement of Financial Position – Sewerage Business Activity

as at 30 June 2019

	2019 \$ '000	2018 \$ '000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,739	2,956
Receivables	508	303
<b>Total current assets</b>	3,247	3,259
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	20,472	18,498
<b>Total non-current assets</b>	20,472	18,498
<b>TOTAL ASSETS</b>	23,719	21,757
<b>NET ASSETS</b>	23,719	21,757
<b>EQUITY</b>		
Accumulated surplus	5,150	3,476
Revaluation reserves	18,569	18,281
<b>TOTAL EQUITY</b>	23,719	21,757

## Notes to the Special Purpose Financial Statements for the year ended 30 June 2019

### Note 1. Significant Accounting Policies

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A statement summarising the supplemental accounting policies adopted in the preparation of the Special Purpose Financial Statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

These financial statements are SPFS prepared for use by Council and the Office of Local Government. For the purposes of these statements, the Council is a non-reporting not-for-profit entity.

The figures presented in these Special Purpose Financial Statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these Special Purpose Financial Statements have been prepared in accordance with the Local Government Act 1993 (NSW), the *Local Government (General) Regulation 2005*, and the Local Government Code of Accounting Practice and Financial Reporting.

The statements are prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, current values of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

The Statement of Financial Position includes notional assets/liabilities receivable from/payable to Council's general fund. These balances reflect a notional intra-entity funding arrangement with the declared business activities.

#### National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 NSW government policy statement titled 'Application of National Competition Policy to Local Government'.

The *Pricing and Costing for Council Businesses, A Guide to Competitive Neutrality* issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements.

These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, return on investments (rate of return), and dividends paid.

#### Declared business activities

In accordance with Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality, Council has declared that the following are to be considered as business activities:

##### Category 1

(where gross operating turnover is over \$2 million)

##### a. Wentworth Shire Council Combined Water Supplies

Comprising the whole of the operations and net assets of Council's water supply activities servicing the towns of Wentworth, Dareton, Gol Gol, Pooncarie and Buronga, which is established as a separate Special Rate Fund.

##### b. Wentworth Shire Council Combined Sewerage Service

Comprising the whole of the operations and net assets of Council's sewerage reticulation and treatment activities servicing the towns of Wentworth, Dareton, Gol Gol, Pooncarie and Buronga, which is established as a Special Rate Fund.

##### Category 2

(where gross operating turnover is less than \$2 million)

Nil

## Notes to the Special Purpose Financial Statements for the year ended 30 June 2019

### Note 1. Significant Accounting Policies (continued)

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#### Monetary amounts

Amounts shown in the financial statements are in Australian dollars and rounded to the nearest one thousand dollars.

#### (i) Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs.

However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose Financial Statements.

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

#### Notional rate applied (%)

Corporate income tax rate – 27.5%

Land tax – the first \$692,000 of combined land values attracts 0%. For the combined land values in excess of \$692,001 up to \$4,231,000 the rate is 1.6% + \$100. For the remaining combined land value that exceeds \$4,231,000 a premium marginal rate of 2.0% applies.

Payroll tax – 5.45% on the value of taxable salaries and wages in excess of \$850,000.

In accordance with the Department of Industry (DoI) – Water guidelines, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the DoI – Water guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

Achievement of substantial compliance to the DoI – Water guidelines is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

#### Income tax

An income tax equivalent has been applied on the profits of the business activities.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 27.5%.

Income tax is only applied where a gain/ (loss) from ordinary activities before capital amounts has been achieved.

Since the taxation equivalent is notional – that is, it is payable to Council as the 'owner' of business operations - it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of internal charges in the SPFS.

The rate applied of 27.5% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

#### Local government rates and charges

A calculation of the equivalent rates and charges payable on all category 1 businesses has been applied to all land assets owned or exclusively used by the business activity.



## Notes to the Special Purpose Financial Statements for the year ended 30 June 2019

### Note 1. Significant Accounting Policies (continued)

#### Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that council business activities face 'true' commercial borrowing costs in line with private sector competitors.

In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

#### (ii) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed.

Subsidies occur when Council provides services on a less-than-cost-recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations.

Accordingly, 'subsidies disclosed' (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by Council in any given financial year.

The overall effect of subsidies is contained within the Income Statement of each reported business activity.

#### (iii) Return on investments (rate of return)

The NCP policy statement requires that councils with Category 1 businesses 'would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field'.

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The actual rate of return achieved by each business activity is disclosed at the foot of each respective Income Statement.

The rate of return is calculated as follows:

**Operating result before capital income + interest expense**

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**Written down value of I,PP&E as at 30 June**

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 1.32% at 30/6/19.

#### (iv) Dividends

Council is not required to pay dividends to either itself (as owner of a range of businesses) or to any external entities.

Local government water supply and sewerage businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

Each dividend must be calculated and approved in accordance with the Department of Industry – Water guidelines and must not exceed:

- 50% of this surplus in any one year, or
- the number of water supply or sewerage assessments at 30 June 2019 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the Department of Industry – Water guidelines a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the Department of Industry – Water.



## **INDEPENDENT AUDITOR'S REPORT**

### **Report on the special purpose financial statements**

#### **Wentworth Shire Council**

To the Councillors of Wentworth Shire Council

### **Opinion**

I have audited the accompanying special purpose financial statements (the financial statements) of Wentworth Shire Council's (the Council) declared business activities, which comprise the Income Statement of each declared business activity for the year ended 30 June 2019, the Statement of Financial Position of each declared business activity as at 30 June 2019, Note 1 Significant accounting policies for the business activities declared by Council, and the Statement by Councillors and Management.

The declared business activities of the Council are:

- Water Supply Business Activity
- Sewerage Business Activity.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared business activities as at 30 June 2019, and its financial performance for the year then ended, in accordance with the Australian Accounting Standards described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting – update number 27 (LG Code).

My opinion should be read in conjunction with the rest of this report.

### **Basis for Opinion**

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as the auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## **Emphasis of Matter - Basis of Accounting**

Without modifying my opinion, I draw attention to Note 1 to the financial statements which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the LG Code. As a result, the financial statements may not be suitable for another purpose.

## **Other Information**

The Council's annual report for the year ended 30 June 2019 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements and Special Schedule 'Permissible income for general rates'.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

## **The Councillors' Responsibilities for the Financial Statements**

The Councillors are responsible for the preparation and fair presentation of the financial statements and for determining that the accounting policies, described in Note 1 to the financial statements, are appropriate to meet the requirements in the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors are responsible for assessing the Council's ability to continue

as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it is not appropriate to do so.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

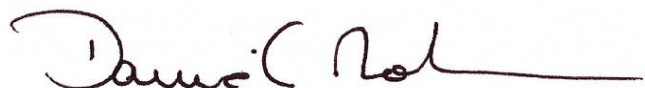
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

A handwritten signature in dark ink, appearing to read 'David Nolan', with a long horizontal stroke extending to the right.

David Nolan  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

28 October 2019  
SYDNEY

# Wentworth Shire Council

**SPECIAL SCHEDULES**  
for the year ended 30 June 2019

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## Special Schedules

for the year ended 30 June 2019

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### Contents

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#### Special Schedules

Permissible income for general rates	3
Report on Infrastructure Assets - Values	6

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### Background

These Special Schedules have been designed to meet the requirements of special purpose users such as:

- the NSW Grants Commission
- the Australian Bureau of Statistics (ABS)
- the NSW Office of Water (NOW), and
- the Office of Local Government (OLG)

The financial data is collected for various uses including:

- the allocation of Financial Assistance Grants,
- the incorporation of Local Government financial figures in national statistics,
- the monitoring of loan approvals
- the allocation of borrowing rights, and
- the monitoring of the financial activities of specific services



## INDEPENDENT AUDITOR'S REPORT

### Special Schedule - Permissible income for general rates

#### Wentworth Shire Council

To the Councillors of Wentworth Shire Council

### Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Wentworth Shire Council (the Council) for the year ending 30 June 2020.

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting – update number 27 (LG Code), and is in accordance with the books and records of the Council.

My opinion should be read in conjunction with the rest of this report.

### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Schedule' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to the special purpose framework used to prepare the Schedule. The Schedule has been prepared for the purpose of fulfilling the Council's reporting obligations under the LG Code. As a result, the Schedule may not be suitable for another purpose.

## Other Information

The Council's annual report for the year ended 30 June 2019 includes other information in addition to the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements, special purpose financial statements and Special Schedule 'Report on infrastructure assets as at 30 June 2019'.

My opinion on the Schedule does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements and the special purpose financial statements.

In connection with my audit of the Schedule, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Schedule or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

## The Councillors' Responsibilities for the Schedule

The Councillors are responsible for the preparation of the Schedule in accordance with the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

In preparing the Schedule, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it is not appropriate to do so.

## Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

- obtain reasonable assurance whether the Schedule as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

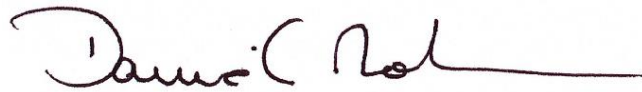
Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the Schedule.

A description of my responsibilities for the audit of the Schedule is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar8.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar8.pdf). The description forms part of my auditor's report.



My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited Schedule on any website where it may be presented
- about any other information which may have been hyperlinked to/from the Schedule.

A handwritten signature in dark ink, appearing to read 'David Nolan', with a long horizontal flourish extending to the right.

David Nolan  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

28 October 2019  
SYDNEY

# Report on Infrastructure Assets

as at 30 June 2019

Asset Class	Asset Category	Estimated cost		2018/19 Required maintenance <sup>a</sup>	2018/19 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
<b>Buildings</b>	Buildings	1,651	1,651	399	418	33,017	69,870	40.0%	35.0%	20.0%	5.0%	0.0%
	<b>Sub-total</b>	<b>1,651</b>	<b>1,651</b>	<b>399</b>	<b>418</b>	<b>33,017</b>	<b>69,870</b>	<b>40.0%</b>	<b>35.0%</b>	<b>20.0%</b>	<b>5.0%</b>	<b>0.0%</b>
<b>Other structures</b>	Other structures	312	312	5	1	6,238	10,899	30.0%	50.0%	15.0%	5.0%	0.0%
	<b>Sub-total</b>	<b>312</b>	<b>312</b>	<b>5</b>	<b>1</b>	<b>6,238</b>	<b>10,899</b>	<b>30.0%</b>	<b>50.0%</b>	<b>15.0%</b>	<b>5.0%</b>	<b>0.0%</b>
<b>Roads</b>	Sealed roads	4,209	4,209	783	686	84,188	175,393	35.0%	50.0%	10.0%	5.0%	0.0%
	Unsealed roads	1,890	1,890	1,308	1,404	4,724	5,259	20.0%	20.0%	20.0%	20.0%	20.0%
	Bridges	410	410	5	—	8,209	11,726	40.0%	50.0%	5.0%	5.0%	0.0%
	Footpaths	53	53	188	151	2,626	4,361	45.0%	45.0%	8.0%	2.0%	0.0%
	Bulk earthworks	—	—	—	—	190,611	190,611	100.0%	0.0%	0.0%	0.0%	0.0%
	Kerb	—	—	12	12	—	—	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>6,562</b>	<b>6,562</b>	<b>2,296</b>	<b>2,253</b>	<b>290,358</b>	<b>387,350</b>	<b>67.0%</b>	<b>24.9%</b>	<b>5.0%</b>	<b>2.7%</b>	<b>0.4%</b>
<b>Water supply network</b>	Water supply network	9,076	9,076	399	504	30,253	55,209	15.0%	40.0%	15.0%	20.0%	10.0%
	<b>Sub-total</b>	<b>9,076</b>	<b>9,076</b>	<b>399</b>	<b>504</b>	<b>30,253</b>	<b>55,209</b>	<b>15.0%</b>	<b>40.0%</b>	<b>15.0%</b>	<b>20.0%</b>	<b>10.0%</b>
<b>Sewerage network</b>	Sewerage network	3,657	3,657	245	157	18,283	46,538	15.0%	20.0%	45.0%	5.0%	15.0%
	<b>Sub-total</b>	<b>3,657</b>	<b>3,657</b>	<b>245</b>	<b>157</b>	<b>18,283</b>	<b>46,538</b>	<b>15.0%</b>	<b>20.0%</b>	<b>45.0%</b>	<b>5.0%</b>	<b>15.0%</b>
<b>Stormwater drainage</b>	Stormwater drainage	295	295	111	86	14,731	23,010	25.0%	55.0%	18.0%	2.0%	0.0%
	<b>Sub-total</b>	<b>295</b>	<b>295</b>	<b>111</b>	<b>86</b>	<b>14,731</b>	<b>23,010</b>	<b>25.0%</b>	<b>55.0%</b>	<b>18.0%</b>	<b>2.0%</b>	<b>0.0%</b>
<b>Open space / recreational assets</b>	Swimming pools	516	516	57	57	1,727	3,000	0.0%	0.0%	70.0%	30.0%	0.0%
	Playgrounds	31	31	9	9	311	662	30.0%	35.0%	25.0%	7.0%	3.0%
	<b>Sub-total</b>	<b>547</b>	<b>547</b>	<b>66</b>	<b>66</b>	<b>2,038</b>	<b>3,662</b>	<b>5.4%</b>	<b>6.3%</b>	<b>61.9%</b>	<b>25.8%</b>	<b>0.6%</b>

## Report on Infrastructure Assets (continued)

as at 30 June 2019

Asset Class	Asset Category	Estimated cost		2018/19 Required maintenance <sup>a</sup>	2018/19 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
Other infrastructure assets	Weir, Wharf Banks	74	74	110	85	1,483	1,827	35.0%	55.0%	5.0%	5.0%	0.0%
	<b>Sub-total</b>	<b>74</b>	<b>74</b>	<b>110</b>	<b>85</b>	<b>1,483</b>	<b>1,827</b>	<b>35.0%</b>	<b>55.0%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>0.0%</b>
	<b>TOTAL - ALL ASSETS</b>	<b>22,174</b>	<b>22,174</b>	<b>3,631</b>	<b>3,570</b>	<b>396,401</b>	<b>598,365</b>	<b>52.3%</b>	<b>28.7%</b>	<b>11.8%</b>	<b>4.9%</b>	<b>2.3%</b>

(a) Required maintenance is the amount identified in Council's asset management plans.

### Infrastructure asset condition assessment 'key'

1	<b>Excellent/very good</b>	No work required (normal maintenance)
2	<b>Good</b>	Only minor maintenance work required
3	<b>Satisfactory</b>	Maintenance work required
4	<b>Poor</b>	Renewal required
5	<b>Very poor</b>	Urgent renewal/upgrading required

## Report on Infrastructure Assets (continued)

as at 30 June 2019

\$ '000	Amounts 2019	Indicator 2019	Prior periods		Benchmark
			2018	2017	
Infrastructure asset performance indicators (consolidated) *					
Buildings and infrastructure renewals ratio <sup>1</sup>					
Asset renewals <sup>2</sup>	5,609	73.58%	58.53%	100.65%	>=100.00%
Depreciation, amortisation and impairment	7,623				
Infrastructure backlog ratio <sup>1</sup>					
Estimated cost to bring assets to a satisfactory standard	22,174	5.59%	6.83%	12.73%	<2.00%
Net carrying amount of infrastructure assets	396,401				
Asset maintenance ratio					
Actual asset maintenance	3,570	98.32%	79.91%	119.26%	>100.00%
Required asset maintenance	3,631				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	22,174	3.71%	4.53%	4.31%	
Gross replacement cost	598,365				

(\*) All asset performance indicators are calculated using classes identified in the previous table.

(1) Excludes Work In Progress (WIP)

(2) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

## Report on Infrastructure Assets (continued)

as at 30 June 2019

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2019	2018	2019	2018	2019	2018	
Infrastructure asset performance indicators (by fund)							
Buildings and infrastructure renewals ratio <sup>1</sup>							
Asset renewals <sup>2</sup>	90.35%	68.83%	—	8.09%	—	33.92%	>=100.00%
Depreciation, amortisation and impairment							
Infrastructure backlog ratio <sup>1</sup>							
Estimated cost to bring assets to a satisfactory standard	2.71%	3.55%	30.00%	30.70%	20.00%	29.30%	<2.00%
Net carrying amount of infrastructure assets							
Asset maintenance ratio							
Actual asset maintenance	97.39%	66.82%	126.32%	113.81%	64.08%	106.94%	>100.00%
Required asset maintenance							
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council	1.90%	2.51%	16.44%	16.79%	7.86%	12.11%	
Gross replacement cost							

(1) Excludes Work In Progress (WIP)

(2) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.